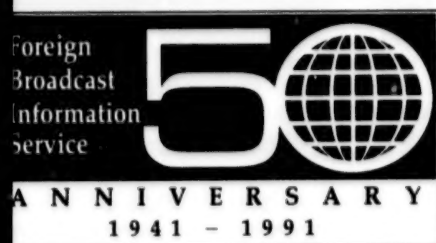


JPRS-EER-91-059  
3 MAY 1991



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# ***JPRS Report***

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# **East Europe**

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# East Europe

JPRS-EER-91-059

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## ALBANIA

### Activity of Religious Opposition Forces

91BA0528A Paris L'EXPRESS INTERNATIONAL  
in French 12 Apr 91 pp 24-27

[Article by Vincent Hugué: "Sunday in Albania"]

[Text] Could it be the effect of the Easter mystery? The heavy bell seemed to be floating at eye level, so frail was its arch. Like the rosary of feeble lights strung on the faltering pillars of the jerrybuilt Jubani chapel where the first Easter would be openly celebrated in Albania. Nothing remains of the church closed in 1967 and razed 20 years later, nothing but sandstone blocks converted into makeshift prayer stools. Facing the altar, the peasants are decked out in their Sunday best, sporting the ancestral "riza" covering their heads with a flowery band. As if deaf to the prayers offered up in Latin by the loudspeakers, they hum a century-old hymn, as sweet and spellbinding as a chant.

The spirit travels where it will. Here in the north, in Shkoder and the surrounding region, stronghold of Albanian minority but indomitable Catholicism, it travels like a tempest. This Sunday, 31 March, under stormy skies, the country of the eagles prays and votes in freedom and with equal fervor. Led by Father Jubani, the faithful form a procession from the polling booth to the sanctuary. "Luigji Kola" will no longer rake the cooperative's graves. The village can henceforth address him as "Father." Is his old stole stained, his missle falling apart? No matter, as long as he blesses the Easter repast with holy water.

March draws to a close with a shower of symbols. With equal emotion, the people slip their votes into the ballot box and 10-leke notes (five francs) into the collection box, with the respect rural people demonstrate equally for ceremony, be it Christian or electoral! Jubani will try to forget that one was banished and the other corrupted. One little old woman stands like a stone in the middle of the polling place. They explain the procedure to her, then guide her to the voting booth. Once there, her son or husband—no one else—can help her. One has to see how carefully poll workers count the votes, ceremoniously removing the lid of the ballot box, colored red, then unfolding the ballots.

The sense of ritual is there, but one thing never changes: In the eyes of Shkoder Catholics, no list can ever vie with the rolls of the old cemetery. Here, under the cypress trees, Father Simon Jubani, who survived the Albanian gulag, celebrated the first public—even open—mass on 4 November 1990, a gesture of farewell to the catacombs even before the ban was lifted. Here, near turban stones and the burial vaults overrun with weeds, the sacraments are given every day, amidst paths buried in decaying leaves. In less than four months, as the lists attest, 1,561 baptisms and 215 marriages have taken place, like that of Zef and Sofia, married in a civil ceremony seven years ago and before God on the eve of Easter. The couple then

returned to their village on a scooter "made in China," flanked by their two children. Awaiting them in Berbice is their mud house, plow, their "own" cow, and, on an embroidered tablecloth, a crucifix once hidden under the mattress.

Everywhere people are dragging out the icons, breviaries, and sculpted wooden statues. At the Shkoder cemetery, Christ King is next to Saint Roch, Our Lady of Lourdes, Saint Ignatius, or Saint Anthony. Countless holy ornaments are brought from none other than the city's Museum of Atheism, closed "for repair" since 1983! Built to put an end to "superstition," it ended up being its conservatory, before finally becoming the regional headquarters for the Albanian Democratic Party (PDA).

Before resuming the Easter ceremonies, priests and parishioners finally complete the long path of the cross. On 26 April, Monsignor Nikola Troshani, the only surviving bishop, will ordain a local man, the first in decades, a stinging revenge on state atheism and the death knell unleashed in 1967 with the spontaneous assault by young people against Durres places of worship. Hundreds of churches and mosques were then closed and turned into movie theaters, gymnasiums, cultural centers, or storehouses. Not one was spared. The 1976 Constitution proscribing "religious organizations" also entrusted to the government the duty of "inculcating in people the scientific materialism concept of the world," outdated dogma. In Tirana, orthodox worshippers carved in the floor of a sports stadium the iconoclasm of the Church of the Holy Annunciation. Even better, Albania welcomed two Vatican emissaries during the visit of Gonxha Bojaxhiu, Mother Teresa. Of Albanian ancestry, the "lady of Calcutta" would go to Shkoder in March to celebrate the cathedral's rededication to worship, still decorated with its profane tiers. The city watched as she prayed at the foot of the citadel, on the site where a bell tower was removed so a monument to the heroes of antifascism might be erected.

Faith also has its list of martyrs: 130 bishops, priests, seminarians, and nuns have perished in prison—or been executed—since 1945. Others survived and, barely out of prison, began celebrating baptisms, marriages, and secret services, others like Zef Bellumbi. Drying floors, refineries, the complete works of Enver Hoxha: the north has been spared by this Franciscan from the north, convicted by a tribunal "holding court in a church." Of the late tyrant, he says with a smile that he accomplished the prodigious feat of "writing 70 volumes in 50 words."

Freed like him on a day in April 1989, Simon Jubani is nothing but rugged. Having spent 26 of his 63 years in captivity, he has the proud bearing, white hair and blunt style of speech. In the house where he was born in Shkoder, he hammers, pounds, and dictates, refusing to go back to the days when he was a star on the nation's soccer team, for this would serve no purpose. "Write!" he orders, whenever a foreign reporter's attention flags. But write what? That Enver Hoxha has far exceeded the hopes placed in him by Lucifer, that he led the country to



the very gates of hell. But, the Scripture says, let those gates come down with the coming of the Kingdom of God, just as the Soviet Empire collapsed. Zef and Simon expect no miracle from the verdict of the ballot box. The former did not vote; the second did, but against his will, particularly since he sees in the Democratic Party a "front for the Communist Party." Albania, he says, will not be able to go from "clanism to democracy." "Look at my telephone. It serves no purpose because I cannot get a line installed. Voting is only a preface, not even the beginning of a book. It will take us 10 years."

Both would have willingly voted for the People's Religious Union Party (PPUR) but, invoking its "religious nature," the Ministry of Justice excluded it from the running. "What a shame, because it includes Catholics, Orthodox Christians, and Muslims," pleads Father Jubani, spokesman for a holy alliance of oppressed denominations, as is, in his own way, Hafiz Sabri Koci, leader of an Albanian Islam that represents 67 percent of the population. In Tirana, people tell the story of the bells of Saint Anthony's parish, snatched from the regime's greed by a Muslim who buried them in a square. His Shkoder brothers are working to restore local churches.

At the end of March, man of the church and the worshipper from the mosque met with founders of the Union of Independent Trade Unions from the city, set up on 13 February. "Chaos threatens Albania," notes Frik Radovani, painter in a textile combine. "We are counting on them to calm people down and prevent bloodshed. We all need a spiritual reeducation." Sometimes flanked by a Muslim scholar, Simon Jubani engages in all-night discussions trying to wrest a truce from two families pitted against one another by their religion or some matter of honor. And yet, gone is the day when, as Ismail Kadare writes, Shkoder embodied "all the anguish of Christian civilization witnessing the unfurling of Islam," a city "split by a knife into Catholics and Muslims."

While occasional mention is made of conversion, never will Katrina Kcira give up her socialist faith, even if she does very cordially receive her cousin seen two hours earlier at the cemetery's Pieta, kissing the feet of a wooden Christ. After all, in Asht, a rural town of 740 inhabitants, it is a curious fact that friends are few and far between when one has been secretary of the Albanian Workers Party (PTA) for nine years. A lively crowd happily follows the visitor to the home of Linpashuku, organizer of the local opposition, but only a handful of raggedy kids, many of whom run barefoot through the muddy streets, escort her to Katrina's house. Having sprung from a long line of activists, she cannot understand it. Everything is going badly. She and her husband have both lost their stripes as brigade leader: he, five years ago, for carrying an illegal weapon; she, three months ago, the victim—if one is to believe her story—of revenge on the part of the cooperative director who has gone over to the PDA. Five days before the election, three Communists turned in their membership cards to

her. For want of a better solution, a member formerly expelled had to be taken back. Katrina keeps silent or whispers, "I don't know." She candidly admits "not liking" this pluralism that caused her universe to be blown apart. Against all evidence, she mentions the "welfare of the people, which is very high here," and the crazy notions of the "young radicals," quotes Enver Hoxha, "to whom we owe everything," praises his successor. But since Ramiz Alia himself admits it, she also confesses that the party has made mistakes. With her words and silence, Katrina exposes the bankruptcy of an entire machine, bounced back and forth between its dogma and the prevailing trend. One significant example of the disarray: In his cell at Burrel Prison where he spent 28 years, Pjeter Arbunori translated "American and World Political Economics," on orders from none other than Hekuran Isai, then minister of interior.

When a power outage plunged Shkoder's Turizmi Hotel into darkness, shadows overtook Pjeter, boss of the local PDA and elected deputy on 31 March, as he recounted his years in prison. Sentenced to death in 1962 for "organizing a social democratic group," a sentence immediately commuted, he calmly narrates the secrets of his survival: laughter and literature. "In the most tragic events, I could always ferret out the most comical details. And I always wrote a lot. Seven novels, a hundred accounts and short stories, and a newspaper entitled FOLKLORE, in order not to awaken the suspicion of the guards. If I publish it, it will be called 'A 30-Year Struggle To Remain a Man,' but I do not have the time. No matter; the birth of the PDA has rejuvenated me."

Freed on 5 August 1989, he has since participated in all protests staged in the rebellious Shkoder, Alia's home town and site of the first impieties ever committed against the busts of Stalin and Enver Hoxha. Native son Migjeni ominously wrote in the 1930's: "A ferocious hurricane knocked down the idols. Some were reduced to dust; others decapitated. This violent tempest blew from none of the four points of the compass or the sky, but rather, the very bowels of the earth." As if to justify these somber thoughts, in December 1990, bands of rioters, sometimes armed, laid waste to, burned, and looted official buildings and stores. "It was the work of hooligans, not political acts," grumbles Father Jubani, who then appealed for calm over Radio Tirana. He loves to see his town rebellious and innovative, as it once was, but in the name of Christ. He invokes Our Lady of Shkoder, patron saint of Albania, not the "beautiful sinner" celebrated by Kadare, with its libraries, its literary reviews, its salons, "its pretty women with their complicated love affairs, its shops where books and records or perfume from Paris were sold." The priest prefers to celebrate a place that supports the work of the Church: "We withstood nine centuries of Byzantine domination, five centuries under the Ottoman yoke. It took the invasion of the Albanian communists, our brothers, to kill off our elite! When Shkoder had always set the tone!"

But has it ever ceased doing so? As he took his leave, Simon Jubani insisted on writing these words on the visitor's card: "As soon as the regime closed our churches, all the houses became chapels." A lovely image, but also true. After the police raids in search of icons and rosaries, Father Jubani would confront them shouting: "But you forgot one cross!" And before their very eyes, he would make the sign of the cross.

Dead at the age of 27, the accursed poet of the 1930's wrote: "Do not pray for me, for I shall roam hell from one end to the other!" Jubani and his followers swear they have already known that hell was here on earth.

## CZECHOSLOVAKIA

### New Slovak Government Members' Biographies

AU2904111191 Bratislava NARODNA OBRODA  
in Slovak 24 Apr 91 p 2

[CTK report: "New Members of the Government"]

[Text] Bratislava—The Slovak National Council Presidium met in Bratislava in the evening hours once again. At the suggestion of Prime Minister Jan Carnogursky, the presidium adopted a resolution according to which the presidium appointed Helena Wolekova Slovak government minister entrusted with the administration of the Slovak Republic Ministry of Labor and Social Affairs; Marian Posluch Slovak government minister entrusted with the administration of the Slovak Republic Ministry of Justice; and Ivan Miklos Slovak Republic minister entrusted with the administration of the Slovak Republic Ministry for the Administration and Privatization of National Property. The newly appointed ministers took the obligatory oath.

### Resume of Marian Posluch

Marian Posluch was born in Bratislava on 25 January 1945. His nationality is Slovak. Having graduated from the School of Law at Comenius University in Bratislava, he was employed in the city prosecutor's office in Bratislava from 1967 to 1970. He has been a professor at the School of Law at Comenius University in Bratislava since 1970. Since January 1990 he has been a Public Against Violence movement deputy in the Federal Assembly House of Nations, a member of the Federal Assembly Presidium, a member of its Legal and Constitutional Affairs Committee, the chairman of the Commission of Experts for the preparation of the draft CSFR constitution, and a member of the Council of Europe Legal Committee and of the Human Rights Committee. He participated in the preparation of the first working draft of the Slovak constitution. He is married with two children.

### Resume of Helena Wolekova

Helena Wolekova was born in Podkrivan on 17 January 1946. Her nationality is Slovak. She studied at the School of Philosophy at Comenius University in Bratislava—subjects of study: Slovak, Spanish, and sociology.

After she graduated, she worked in the sphere of sociological research oriented toward the sociological problems of labor and enterprises. From 1980 she worked at Heavy Machine Tool Enterprise in Martin as chief of the sociology and psychology section. From January 1990 she was director of the human resources and sociological department at the Federal Ministry of Metallurgy, Machinery, and Electrical Engineering, and in July 1990 the CSFR Government appointed her to the position of deputy federal minister of labor and social affairs. She was responsible for employment and she administered the Research Institute for Social Development and Labor. She is married with three children.

### Resume of Ivan Miklos

Ivan Miklos was born in Svidnik on 2 June 1960. His nationality is Slovak. He studied at the School of National Economics at the College of Economics in Bratislava. Subjects: national economy planning. Specialization: forecasting and long-term planning. After he graduated he worked at the department of national economy planning and prices at the College of Economics as an instructor from 1983 to 1986, and as research fellow from 1986 to 1990. He was mostly interested in problems concerning macroeconomic forecasting and regulation. In June 1990 he became an expert adviser in the secretariat of the Slovak Republic deputy prime minister; since November 1990 until now he has been working as director of the Department of Economic and Social Policy at the Slovak Republic Government Office. He is married with two children.

### Slovak Crisis Seen as Clash of Social Principles

91CH0466B Prague MLADA FRONTA DNES in Czech  
22 Mar 91 p 2

[Article by Tomas Marek and Ivo Slavik: "The Federation Is at Stake"]

[Text] Very basic political conflicts are brewing in Slovakia. They will not only affect the fate of Prime Minister Meciar, but the fate of the whole Federation and, above all, the future of Slovakia.

It is becoming increasingly apparent that the continuing destabilization of the Bratislava political scene is not a normal power crisis or the concomitant sign of the disintegration of the Public Against Violence. Much more profound conflicts are hidden behind the daily events than the mere mutual intolerance of single elements, which are often dispersed among the parties and movements in some mysterious way. The battle, which must inevitably take place in Slovakia, will be a battle for basic social principles. And these principles are so different that there can be no compromise. In addition, only one of them is acceptable on the part of the Czechs. So let us look at both currents and the trends that stand between them.

Meciar's group abounds with "the support of the simple people and workers from collectives." It molds the concept of a specific Slovak economic reform. However

the words are juggled, this means but one thing—the gradual disintegration of the Federation. But prior to this, it means the disintegration of the economy. What could the implementation of the double-household economic concept lead to? Slovakia would probably bring even stronger pressures to bear for investments into its economy, without taking into account the necessity to have balanced budgets. With the spread of detailed information on the flow of currency from the Federation into the Slovak Republic, the Czech public would become more radical using the slogan: "We are tightening our belts, but they are not." A similar mood already exists in the Czech countries, and it would not take much for it to get totally out of control.

Meciar's group bases its policy of wide support on populist proclamations that all the "good enterprises" must be helped. But Mr. Meciar does not say who will foot the bill. The growing unemployment and the current fear about the future in Slovakia is a milieu in which the Slovak Prime Minister, as a representative of "government with a firm hand" can move ahead very easily.

A group around Fedor Gal is in opposition to the frantic politician Meciar, who is also supported by a considerable majority of the media, especially NEZAVISLY DENIK, OBCANU SLOVENSKA, NARODNI OBRODA, and Slovak Broadcasting, whose commentaries are almost pathologically uncritical of him. Sociological polls show that the Galists cannot count on as broad a support from the public, to the contrary, they are a minority platform in this context. But they do represent the intellectual elite of the nation, which is implementing the Federal Government's scenario of the reform. As they have to seek allies, they have no choice but, at the very least, to make concessions in the formulations they select. However, their conception keeps the principle of the reform intact.

The ally for whom both sides are vying is the Christian Democratic Movement [KDH]. The idea of a union between the KDH and Meciar is mildly absurd as, for example, Jan Carnogursky will not forgive the Slovak Prime Minister all that quickly for what he did to the former Minister of the Interior, Andras. Therefore closer cooperation between the KDH and Gal's platform in the VPN [Public Against Violence] is beginning to take shape.

But Jan Carnogursky's warning finger remains in the background—according to him, a joint Czech and Slovak state should be based on the principle of a state contract. And this would mean that after a while everything would start all over again, though it would no longer be about the economy but about state juridical problems.

#### **Milan Sutovec of VPN on Slovak Statehood**

91CH0464A Prague MLADA FRONTA DNES in Czech  
15 Mar 91 p 3

[Interview with Milan Sutovec by Ivo Slavik; place and date not given: "The Situation Changes Every Day"—first paragraph is MLADA FRONTA DNES introduction]

[Text] Milan Sutovec was a candidate for Public Against Violence [VPN]. Before entering active public life, he devoted himself to the study of literature and literary criticism. He is the author of several works in prose.

[Slavik] Do you believe that the "Declaration of Slovak Sovereignty," as prepared by certain groups, represents the correct road for Slovakia into the community of European nations?

[Sutovec] Unless I am mistaken, this declaration was presented by a group of Slovak intellectuals and writers. Striking among them are the names of Milan Rufus and Stefan Moravcik, whose participation remains a mystery to me. While it may be a group of intellectuals, it is easy to define it further, not only with respect to today but also the past 30 years. We should take a closer look at how the declaration was conceived and by whom.

In a decent, orderly world I would not oppose independence for any territorial entity. There are ministates in Europe, such as Andorra, San Marino, and others, which are prosperous and offer a good life. However, our world is far from orderly. When the Slovaks look around, what neighbors do they see? First and foremost, a huge eastern one, which evokes cold chills. I view the attempt to tear Slovakia away from the Czech lands in a much broader international context, as an effort to prevent the formation of an already nascent coalition of Czechoslovakia, Poland, and Hungary. Taking Slovakia out of such a community would mean its ruin. Moreover, the West, including the United States, have repeatedly let it be known that they are interested in economic support of regions, rather than individual states.

Let us consider what the separation of Slovakia would really mean. It would also isolate both the Czech lands and Hungary, even though the Czechs would be in a much better geopolitical position than Slovakia. It is no mystery what political orientation in Slovakia would become dominant. Considering past tendencies related to important dates in Slovak history, I see only one way to resolve the problem, namely, referendum and the continuation of Czechoslovakia.

[Slavik] After the referendum, however, there will be the inevitable question of what kind of Slovakia, national socialist, or other?

[Sutovec] At a time when many politicians and others are peddling their special interest wares, it would be desirable to finally take the decisionmaking process out of their hands and return it to the people, not through street demonstrations but rather through direct democracy. As deputy chairman of parliament, I am interested in cultivating representative democracy. There are moments, however, when one must resort to direct democracy. The VPN deputies in the Federal Assembly prepared an alternative to the original presidential proposal of a state-wide referendum law. We plan to present this alternative to the 14th Joint Session of the Federal Assembly, in the hope of gaining a qualified majority for it.



[Slavik] The thought of Slovak statehood is acceptable without great polemics. Yet, the Slovak National Party is angry, feeling that its efforts are being denigrated for ideological closeness to the Slovak state during the Second World War. It is not our fault that they receive support from individuals indeed personally identified with this puppet regime, as, for example, Mr. Carnogursky, Sr.

[Sutovec] Slovak statehood and the wartime Slovak state are two entirely different things (that is a fact). The idea of Slovak statehood has, after all, been realized. The Slovaks have their republic, even if it still lacks certain appurtenances. Like the Czechs, they do not have a constitution as yet. As to the connection with the wartime Slovak state, I must reluctantly become personal. That state is recorded in my own history as follows: My wife's father was tortured to death when she was one year old, my own father was in prison when I was four. These are the facts that place certain limitations on me. I realize that others had different experiences. Among my older contemporaries, there are people who lived very well in the Slovak state on Aryanized farms, and to this day retain the best memories of that period. While I understand the motivations of certain people, I cannot accept them.

[Slavik] Along with the emancipation efforts of these forces, we now have the quasi-national awakening in Moravia. If we followed this trend to its end, we could find a separate nationality in any one of our districts.

[Sutovec] This is yet another problem which further complicates the situation. If we decide in a popular referendum that our country should remain an integral state in its present borders, next will be the question of how to organize internally. One of the alternatives is a tripartite federation. I do not wish to be the judge, but I have some doubt whether this would be justified in terms of attributes of statehood. Perhaps their own grammar and spelling could serve as an identifying mark. While Moravian mentality is certainly different from that in Prague, I am not sure that mentality alone signifies statehood. I consider this a weaker case than the Slovak one.

[Slavik] You mentioned future alternatives. Let us examine those a bit further.

[Sutovec] One of the possibilities is the already mentioned tripartite federation. Each of the three republics would have about the same number of inhabitants, and administrative complications could probably be overcome. The Slovaks are a bit suspicious of this idea, fearing that in voting the Moravians would side with the Czechs against Slovakia. We would have to build in certain defense mechanisms.

[Slavik] Don't you think this is overly emotional, since the Czechs could alone outvote the Slovaks?

[Sutovec] No doubt about it. This is not my fear, I am merely interpreting the concerns of others. Another alternative is the regional arrangement which, however,

would be difficult for the Slovaks to accept, since they cannot give up what they already have, namely, republic status, and, in any event, the regional 'demotion' would have to begin with the Czechs, which is unlikely. Then there are some 'unitary state' visions among certain people, hopefully not a serious idea for most citizens.

[Slavik] From your vantage point of federal representative, what do you consider the best alternative?

[Sutovec] The view that the bilateral federation has certain weaknesses is not entirely without merit, yet I am not sure we can make it with the tripartite one, though it might be the best.

[Slavik] A paradoxical situation arose in the VPN. Its core of sociologists evidently did not sufficiently consider popular attitudes toward economic reform. Citizens believe there is too much personal squabbling [in the parliament], while important problems are not being attended to.

[Sutovec] As to sociologists' mistakes, I feel we are oversociologized. Our policies lack a strong psychological approach. We underestimated the psychological aspects of our reality, and this could be fatal. The relative popularity of Premier Meciar stems from his ability to assess events psychologically, he knows his way in crowd psychoses. I am convinced that he assessed the situation, as well as his own position, and decided to restructure the Slovak political scene drastically. At one VPN meeting, he uttered one sentence which many underestimated or missed altogether. He said that if he is interested in anything, it is a 51-percent support in parliament. In that manner he could govern better and I am sure that is indeed what he wants. He seeks out the cream of all political parties and it is possible he will succeed in the short term with the current team, without any special elections. Yet, this could well be an uncertain majority which—at the first failure—could turn against him. I hope Mr. Meciar recognizes the need for sensible limits. This is a part of the political know-how of which, I would like to believe, he has enough.

[Slavik] Do you think that the VPN leadership could at this time decide to recall Vladimir Meciar?

[Sutovec] The situation changes every day, and the game is played not only by VPN but also its coalition partners, especially the strong Christian Democratic Movement which has this opportunity to act as a truly democratic force.

[Slavik] In his comment on the special session of the VPN Council on 9 March, V. Meciar spoke of 'a part of the Slovak Council,' when there was a clear majority at the meeting. Are such rhetoric and trivialization not reminiscent of the not-so-distant past?

[Sutovec] We all know the methods. This type of politicking forms the core of handbooks on scientific communism, especially the chapter on the 'Leninist style of work.' Mr. Meciar knows the art of turning a minority into a majority. Even though outvoted by 90 percent,

Lenin too refused to capitulate. The moment he achieved majority of one percent, he liquidated the other 49. On the other hand, Premier Meciar has certain very valuable qualities, and I continue to hope that he cares about the federation, even though his social orientation is obviously different from mine, as well as of those who are in conflict with him.

[Slavik] It would appear that the VPN leadership lacks some of this Meciar-type pragmatism.

[Sutovec] Our friends who led and still lead our movement, may with time have fallen victims to certain stereotypes. It is hard for me to make a definitive judgment on this from Prague. However, they have now begun to visit their districts, and I hope they will return with new knowledge and fresh insight to inspire their work.

The VPN internal problem is that it has never been a closely knit association. It is deeply infiltrated by members of the Obroda who refused to form an independent club of deputies or a separate movement. Obroda succeeded in placing its people in all district councils, as well as in other clubs of deputies. They represent the firm Meciar core, while within VPN they maintain independent status, even though this is against VPN statutes.

Mr. Meciar is obviously a silent admirer of Obroda, whose influence I see in many places. It is as if its members were trying to turn old dreams into new realities.

#### Daily Calls for Referendum in Both Republics

91CH0463A Prague LIDOVA DEMOKRACIE in Czech 20 Mar 91 p 3

[Article by Stanislav Myslík—first paragraph is LIDOVA DEMOKRACIE introduction]

[Text] The referendum on the future state-juridical arrangement in present-day Czechoslovakia, proposed by the president of the Republic, enjoys such widespread support that it will apparently be held in the very near future. It has become clear that we cannot progress without it, since it offers a chance to preserve a united state. Yet, it also carries with it the danger of failure, i.e., division of the country.

The urgent need for the referendum was indicated by recent events in Slovakia. It is not so much the ugly demonstrations of last week, as the change in the balance of political forces, aimed at destroying the federation. Slovak Premier Meciar, along with his supporters in parts of Public Against Violence, adopted the positions of some in the Christian Democratic Movement, thus indirectly positions of the nationalist parties. Let us also not forget that even in the past, the premier was calling for a type of state contract between the two republics, which actually heralds the end of the federation.

Moreover, it was Meciar who first threatened the predominance of Slovak legislation over the federal. While he subsequently denied this, Czech Premier Pithart

presented documentary proof of the threat. Meciar's trip abroad at the time of the above-mentioned demonstrations speaks for itself and tells us a lot. Thus it would appear that advocates of a confederation have gained the upper hand on the Slovak political scene. The referendum offers hope that this sizeable grouping of officials does not represent the majority of the Slovak people.

These events naturally affected officials in the Czech Republic, who—after long delays—finally enunciated the limits beyond which the present arrangement cannot tread. In this, without doubt, they have the support of the majority of citizens. The referendum would also clarify what genuine support there is in Moravia and Silesia for the recent demonstrations in Brno and elsewhere.

The referendum would make it possible for thoughtful people to get away from the threatening mob psychoses, and freely express their views. We should also bear in mind that in a state ruled by laws, propagation of fascism and denigration of our head of state should not go unpunished.

LIDOVA DEMOKRACIE has already emphasized the need for a referendum many months ago, even though it was less urgent then than now. The most recent events show that it should be held very soon. If it is to preserve a united state, the best hope for it is now, rather than later. This is another one of those historical periods when events rush forth and wait for no one. Timing, therefore, may be decisive.

Without a clear resolution of this fundamental juridical problem, we cannot proceed with the ratification process of the new constitutions, and all proposals submitted to date remain in the realm of mere theorizing.

The referendum must be state-wide, i.e., in both republics, as proposed by the president. Citizens of the Czech Republic cannot remain passive observers of that which the Slovaks decide. The future fate of the state is at stake and both sides must be allowed to express their preferences. Otherwise, we might arrive at an absurd situation where the Slovaks decide what happens to the Czechs.

How to phrase the question for the citizenry will certainly be the subject of many debates. There are, however, only two real alternatives, namely, a functioning federation with common economy, foreign, and defense policy, accompanied by the departure from public life of those who advocated otherwise and lost, or the appearance of two states. If the latter happens, it should be a decent separation, without hatred or violence, with equitable division of assets and obligations, with the hope of close future cooperation even without a state treaty on confederation, as is the case with Benelux and Scandinavia. This would reduce the danger of displeasure in the international community.

We find ourselves in an unfortunate and unexpected historical crisis which must not, however, lead to tragedy. Its civilized resolution is the principal task of the referendum.

### **Nonaligned Activists Challenge Svitak's Views**

91CH0447A Prague OBCANSKY DENIK in Czech  
12 Mar 91 p 4

[Letter from Albert Prouza, press spokesman for the Central Council of the Club of Nonaligned Activists, UR KAN: "Open Letter to Professor Svitak"]

[Text]

Dear Professor,

In your answers as philosopher for the RUDE PRAVO on 19 February 1991, among other things, you stated your opinion that a nonaligned activist is nonsense.

I would argue this point, as well as other opinions held by you, if for no other reason than because you are frequently erroneously (see Husak's "instructions") and frequently intentionally associated with our movement—the Club of Nonaligned Activists.

On 31 March 1990, at the UKDZ [expansion unknown] in Prague, you admittedly still stated self-confidently that you founded the Central Council of the Club of Nonaligned Activists [UR KAN] in 1968 with Vaclav Havel while you were still wearing short pants. This untruth was refuted on the spot not only by the real founders who were present, but also by the founding charter. In order to be totally accurate, I will add that in 1968 you really did appear at some of the KAN meetings. But your frequently exhibitionist appearances did more harm than good to KAN.

Your appearance at the UKDZ also met with the disapproval of those present because of other statements. I quote: "How can you talk about democracy and free elections when foreign armies are on your territory." You handed out your own little pamphlet to the participants at the meeting, which concludes with your recommendation that the prime minister and the president should be social democrats.

After being sharply criticized by well informed individuals, you were reminded of your communist past, writings on Marxism-Leninism, and professed atheism. This criticism was so incontestable that you were unable to say any more.

Understandably, everyone can make a number of social and political somersaults during his lifetime.

You defended yourself with the statement that only a person who has lived through the communist hell as a member of the Communist Party can truly understand it. Please forgive me, but in that case I do not understand how, after living through the totalitarian hell in Czechoslovakia and subsequently spending 20 years in Western democracies, you, as a social democrat, can dream of a union between the left and Vasil Mohorita. The consequences that would ensue for society from the policies of a united left under the leadership of the Czechoslovak Communist Party were discussed at a

preparatory seminar of the permanent Mutual International Conference on communist crimes committed during the anniversary of the February Communist putsch.

And now to the term nonaligned activist. A nonparty-member, as I am sure you know, was always a puppet, exploited by party members—during the last 42 years a puppet in the hands of the Communists. There was a staffing (and therefore also financial) ceiling for nonparty-members.

Nonalignment is a philosophic category to which any kind of ideology, any "—ism," is foreign. Is that a reason for them to be discriminated against professionally and socially despite their undeniable abilities?

Nonaligned activists will not only consistently defend the interests of their own members but also the interests of all party members.

It is necessary for political parties to realize that voters decide the results of the elections, and both in the Czech Republic and the Slovak Republic (to which KAN has just extended its activities) the voters are primarily nonparty-members. Among other things, we would like to point out to nonparty-members the social demagoguery of various parties, including the one that you now espouse and to which you are doing a disservice (from KAN's point of view) through your appearances.

Our club's activities will primarily be aimed at young people, because in a democracy, the military, the police, and the judiciary system should all be staffed exclusively with nonparty-members. However, we do not consider an individual who handed in his membership card just yesterday to be nonaligned.

So, Professor Svitak, do you still think that a nonaligned activist is nonsense? Do you still believe that if a person is not a member of some party he should not be an activist?

Albert Prouza, press spokesman for UR KAN

### **Csemadok Elects Officials, Outlines Manifesto**

LD2804220891 Budapest MTI in English 1741 GMT  
28 Apr 91

[Text] Galanta, April 28 (MTI)—The 16th general assembly of the Democratic Federation of Hungarians in Czechoslovakia (Csemadok) elected Gyozo Bauer its new president. Zoltan Sido, the former president, was elected general secretary. The Advocates of Coexistence, a political movement focusing its efforts on the protection of national minorities, gained majority in the new leadership.

On Saturday evening, the 300 delegates elected a 90-member national board, which then elected a 25-strong leadership.

After the outcome of the vote was made public, Gyozo Bauer put forward the federation's manifesto. The manifesto declares that Csemadok is a social organization,

independent of all political parties and movements. As a cultural and intellectual union, it strives to strengthen the identity of Hungarians in Czechoslovakia, and enforce the social needs of the national minority.

### Leadership of Council of Social Accord Elected

AU2604135891 Prague HOSPODARSKE NOVINY  
in Czech 22 Apr 91 p 2

[CTK report in the "Briefly" column]

[Text] The Council of Social Accord of the Czech Republic has established a working group to deal with the problem of wage indexation in budget-funded and subsidized organizations, and also a group of experts, whose tasks are to prepare by the end of April material concerning the adjustment of minimum wages to the development of the cost of living. It reelected [Czech] Minister [of Labor and Social Affairs] Milan Horalek as chairman of the Council of Social Accord of the Czech Republic. Pavel Dvorak was elected deputy chairman on behalf of employers and Vladimir Petrus was elected deputy chairman on behalf of trade unions.

## HUNGARY

### President Goncz's 'Stabilizing' Role Described

91CH0521A Budapest BESZELO in Hungarian  
2 Mar 91 p 4

[Article by (solt-koszeg): "On the President's Side"]

[Text] The fact that somehow the president of the Republic found himself in the limelight became last week's domestic political event. In the background, the prime minister and his close cabinet kept so busy trying to prevent this occurrence that in the end, the entire country paid attention to the self-restrained, naturally modest Goncz. In a disciplined manner, Goncz always observed the reasoning provided by the Alliance of Free Democrats regarding the need to strictly limit presidential authority. The press, which despises constant demands made by a huffy government and the ruling parties, undoubtedly had something to do with this, and so did some coincidence. But the press, coincidence and reverse intrigue would have amounted to nothing had the unexpected star role played by the president not been filled with so much heartwarming content that flowed from the president's personality.

### One—From Among Us—President

We should be eternally grateful to Istvan Csúrka for explaining to us on the pages of MAGYAR FORUM the public law scandal at the Visegrad meeting of the three heads of state. Viewed superficially at first glance, it seemed like profound pettiness: The host government almost forgot to invite the president of the Hungarian Republic. "For the time being there was enough room for Antall and Goncz to be seated next to each other at the signing ceremonies, but the SZDSZ [Alliance of Free

Democrats] accomplished at least this much. The historic initiative was no longer tied to Antall's name, only to the cabinet and the Christian coalition," the noted author said. Regardless of whether this incident was caused by mere vanity or by a Christian national strategy with a perspective, the government managed to have the president face the cameras and microphones. At about the same time the president was also given a seat in the defendants' box in the parliament. This occurred when the threat filled debate over amnesty concluded the taxi blockade, in itself a nightmarish episode for the government, and the Hungarian Democratic Forum.

If we recall correctly, a tone of voice that differed from the ritual communist style used in the 1953 program speech of Prime Minister Imre Nagy produced a feeling of relief in its own days. So it was with the president's television and radio statement this time.

Why are we pleased with what Arpad Goncz had to say? Why is it that his name was placed on top of the popularity list, a matter that might not have been expected even by him? He did not promise anything in particular, he had no power (as no one else had) to say something favorable to a society fretting over its future. All he did was to say what he saw was happening around him, and miraculously, he saw and felt the same things that all of us have been seeing and feeling. The most likely reason for this was that Goncz has been paying attention to us all along. This was a simple matter, perhaps the only complicated aspect of it was its character of being so unusual.

Is that it? The affable grandfather makes us believe that this is so, but in reality this is not so. The president from among us, the first citizen of the republic is making clear and tough political decisions, quietly if needed, while flawlessly observing yet fully performing his constitutional authority.

### Bibo's Friend

Now that the daily newspapers have unveiled this secret story we may say that last 25 October Arpad Goncz saved the country from civil war. The constitution is clear: The National Assembly, or, if impeded, the president of the Republic shall decide over the deployment of armed forces abroad or inside of the country. In the morning of 25 October, Interior Minister Balazs Horvath, acting head of government for the ill prime minister, ordered the Honved forces to provide technical assistance and transportation to the police preparing to break the taxi blockade. The Honved forces obeyed the unconstitutional order. We came close to a situation in which blood would have flowed once again on the streets of Budapest two days after celebrating the anniversary of the 1956 Revolution, an event supported by the full splendor of the state. However, at this time, the president of the Hungarian Republic, the commander in chief of the armed forces, recalled the military vehicles, as if he had been the only one to read the constitution. Recognizing that it would be too risky an undertaking to confront the taxi drivers without help from the military,



the police unexpectedly announced that it would not use force. Thereafter, a few of the ministers still made some irresponsible statements, but then they also quieted down. The president, a disciple and friend of Istvan Bibó, taught a lesson to the government: Political crises must be managed only by using political means.

Some felt that the general amnesty law recommended by the president unnecessarily revived the already concluded crisis. After all, the prime minister had already made a political promise to grant immunity to the taxi drivers. The supreme prosecutor announced that he would not file charges against anyone, it would hardly be possible to prosecute under criminal law those tens of thousands on the barricades whose pictures had been taken, recorded on tape, and tallied. A show trial would create an international scandal of a magnitude that could cripple the government. But those who had doubts were still not correct. Arpad Goncz clearly recognized that the practical immunity granted to taxi drivers would not suffice; certain legal guarantees were needed. At the same time, however, an admonition had to be made: Force, even the passive force used by the taxi drivers, must not be an accepted form for the expression of the political will. The craze manifested by ruling party extremists when they called for judges and gallows sufficed to convince those in doubt that in the legal battle Arpad Goncz' idea proved to be the superior strategy.

#### Wrestling for Weapons

The cabinet is waging an ardent fight to acquire unlimited authority over the armed organizations. What appears to be an autocratic rage concerning the appointment of police chiefs is by far not some thoughtless action. The new interior minister, the strong man of the cabinet, would like to see a police leadership that is able to thank him for everything, and which depends only on him. The less that the profession, the staff, and the local governments want these leaders, the better. Hidden among the legal provisions, which provide authority for local government, are other provisions by which the government takes back what it yielded in November. It wants to discontinue the veto power of local governmental bodies even with respect to the appointment of police chiefs. If the parliament were to agree to this cabinet proposal, freely elected mayors would have less authority to become involved in police affairs than the former council chairman had.

#### "Medium-Strength" President

The greatest battle in the National Assembly will be fought in regard to adopting the national security and the new national defense laws. This is because presently, the Honved forces are not headed by the minister of defense, but by the commander of the Honved forces. The commander of the Honved forces is subject to appointment and recall by the commander in chief. This system can be changed only on the basis of vote cast by a two-thirds majority of the National Assembly.

Based on the authority that he has, the president of the Hungarian Republic is not a weak president. His title of commander in chief means real power, and his right to remand laws to the National Assembly for further consideration make him stronger than the representative heads of states in parliamentary republics.

The SZDSZ clearly advocated the establishment of a pure parliamentary system, and the institution of a weak head of state. Arpad Goncz accepted his mandate as a weak president. He did not want to take advantage of his "medium-strength" presidential powers. The gasoline crisis forced him to make use of these powers.

The cabinet and the prime minister operate under the spell of politics which is ruled by a secret force. These statesmen are convinced that in the final analysis power is a matter of being in charge of the armed forces and the secret services.

Neither the free democrats nor Arpad Goncz ever entertained such naive ideas. Despite all semblances, power depends more on attractions and elections than on force, oddly enough, even in a dictatorship.

Arpad Goncz became an important, stabilizing factor in politics not as a result of his constitutional powers, but because of confidence in him manifested by society.

He plays a stabilizing role in both of his capacities: as president and as commander in chief. But in his capacity as commander in chief he rules out the possibility for an incalculable, alarmed, hysteric cabinet to use this sharp tool, the armed forces, inconsiderately.

What were the words he used to praise his foreign affairs state secretary colleague Tamas Katona, the political state secretary at the Ministry of Defense? Goncz said that Katona was a good, ambitious person, but one should not place a weapon in his hands.

Let the weapon remain in the chambers of the calm, self-confident grandfather.

#### POLAND

##### Sejm Commission Adopts Electoral Bill

91EP0434A Warsaw GAZETA WYBORCZA in Polish  
17 Apr 91 p 3

[Article by (aj): "The Draft of the Electoral Law Is Ready"]

[Text] Last Tuesday the Sejm's Constitutional Commission adopted the draft law regulating elections to the Sejm, which had been prepared on the basis of the Commission's previous draft, but with allowance for certain revisions requested by the Belweder.

The draft presupposes proportional elections, i.e., that each party will be allocated a number of seats corresponding to the number of the votes it wins. One hundred and fifteen seats in the Sejm (25 percent of the total) will be allocated to single-seat subdistricts where a

simple majority of votes suffice to win. The candidates in such subdistricts need not be linked to any party. If, however, they are nominated by a party, the votes they win will be credited to the number of votes won by the party as a whole.

We shall cast a twofold ballot: [one] for the list of the party (or political grouping) in a district and [another] for the candidate in our subdistrict.

The Sejm will number, as before, 460 deputies.

There will be 20 to 35 multiple-seat districts (as known, the smaller voivodships will be combined, but the country's division into districts has not yet been determined) and 115 single-seat subdistricts.

In the single-seat subdistricts (115 seats altogether) seats can be won by a majority of votes, but the winner must receive at least 10 percent of the votes.

A total of 276 deputies (60 percent) are to be chosen from regional party lists. When voting for that list the voter should identify his candidate in the same manner as it was done in the elections to local governments.

These seats are allocated in direct proportion to the number of votes won by the lists. Also credited here are the votes won in single-seat subdistricts by the candidates nominated by the parties.

Sixty nine seats (15 percent) are national seats, not identified with any single subdistrict. They are allocated nationally and in direct proportion among the parties which won a minimum of five percent of votes or seats in at least five districts. Here allowance is also made for the lists of candidates representing ethnic minorities.

The elections will also be held abroad, where persons with Polish passports can vote for the candidates competing for Downtown Warsaw districts.

Candidates for deputies may be nominated by their electoral committees. A candidate in a single-seat district must be nominated by [gathering signatures from] at least 1,500 local voters, while a party list of candidates in a district must be supported by [signatures of] at least 5,000 local voters. If the list is registered in five districts, it can become a national list. The list of candidates representing ethnic minorities will be considered a national list if it is registered in at least two districts or if it is able to gather 20,000 nominating signatures nationally.

The cost of the candidate's electoral campaign in a single-seat district may not exceed 10 times the average [monthly] wage in this country, while for candidates on party lists it may not exceed 60 times the average wage.

#### **Elections: United Solidarity To Ensure Reforms**

91EP0400A Warsaw ZYCIE WARSZAWY in Polish  
30-31 Mar 91 p 3

[Article by Kazimierz Woycicki: "Gaining the Majority for the Reforms"]

[Text] The dreams for an independent homeland that is a part of Europe are being realized. Five years ago no one believed it could happen. Today former luminaries ask themselves: "How Did This Happen?" (Rakowski) or they write about "A Successful Defeat" (Sokorski).

Poland's international position is the most evident change. The liquidation of the military structures of the Warsaw Pact, the Visegrad conference, the announcement of Poland's entry into the European Council—all these are signs of Poland's return to the community of democratic countries. Studies show that public opinion is very favorable to these changes.

The world community applauds our radical economic reform by offering us unprecedented reductions in our debt. Poland is finally seeing the birth of those institutions that are an indispensable component of a free market economy: a banking system, a stock exchange, and insurance. Despite the severe ills of everyday life, our surroundings, the face of our cities and trade and services are changing. Possibilities for travel to Europe without a visa are opening up. Despite the shortage of funding for cultural purposes, our book publishing is undergoing a renaissance; the entire body of world literature may be published, uncensored.

Under the Solidarity governments of Prime Minister Mazowiecki and Prime Minister Bielecki we are becoming a more normal country. Once again we have opportunities for development. But that is only one side of the coin.

The question of whether we shall succeed without further tragedy in becoming a part of Europe continues to be an open one. Another open question is that of whether those who back, and those who will continue to back, the present reforms will obtain a majority [in the parliamentary elections]. Society's moods, which are not always optimistic, also contrast with historical progress.

An enumeration of the successes of the great reform must be accompanied by a description of the shock which it represents to society. New relations are being born, and these are not only economic ones. New working conditions are developing, a new mentality is taking shape. This requires a great deal of mobilization on the part of people who are faced with great challenges both in public and in private life. Feelings of anxiety and even dread are a part of this process. The passage from the East to the West is a cultural, civilizational, and psychological shock.

The most obvious cause of this anxiety is the economic situation. Other causes are unfulfilled expectations that the reform would yield immediate results. People do not want to remember the empty stores and the lines any longer. They compare us to the West. The average wage, converted to dollars, rose from \$20 to \$200 in less than two years. It is observed, however, that in the West the average wage is \$900-1,000.

The lack of understanding of the reforms in some parts of society is easily explained. The reform simply has not

reached considerable segments of the country. The employees of many state firms which are running in the red feel threatened with unemployment.

Those in rural areas constitute another segment of the disgruntled. The conflict here is a long term one and it is related to the question of modernizing the entire country, its economy, and likewise its social structure.

The situation is even more complex and more unfortunate in other states. What is going on in Czechoslovakia (and especially Slovakia), in Hungary, in Yugoslavia and in the former GDR shows how difficult it is to break away from a communist past. Communism has left behind a reality full of tragic conflicts.

The votes cast for Tyminski were a measure of the discontent. These votes were protest votes and they must be taken into consideration. Even countries with a deep-rooted democratic tradition have experienced similar turmoil. France had its populist Poujade and today it has Le Pen. The Germans have their Republikaners who are trying to take advantage of the situation of chaos and disenchantment in the former GDR. We, too, must expect similar phenomena.

The forces of the old order are also trying to take advantage of the natural tensions which arise in the reform process. Their strategy is to fan the feelings of uncertainty and anxiety among society.

The OPZZ [All-Polish Trade Union Agreement] wants to persuade society that there is no sense in putting up with the difficulties of the reform. Miodowicz, who organized the pseudotrade union against the 10-million mass of Solidarity, is trying today to present himself in a demagogic manner as a defender of workers. The goal of the OPZZ is to break down the present reforms. The chaos that would ensue could make it possible for the old establishment to return to power.

The "third road" proposed by the SdRP [Social Democracy of the Polish Republic] is an illusion. This party's program is no more than the prescriptions once used by Rakowski's government which led to the ultimate breakdown of the Polish economy in the second half of the 1980's. There is also a lack of squaring up with Stalinism in the SdRP. In spite of efforts on the part of younger activists within this party there are still forces in it that want to keep Poland in the same place as it was for 40 years.

A sense of delight with every real or supposed setback of the reform is apparent in TRYBUNA. In this regard, the SdRP organ is a faithful follower of TRYBUNA LUDU. Its biased presentation of the situation, its aggressive stance against political opponents, and its making of unverified accusations and libel are a journalistic style launched by the PZPR paper over the years. Today it charges Solidarity with a lack of political savvy, forgetting that the full freedom of expression which it enjoys is the work of Solidarity.

Support for the reforms—the question of whether the proponents of the reform will obtain a majority in parliament—is becoming our number one political problem. It is the major question for the future electoral campaign. While it may not be an easy matter to gain the majority that is a necessary condition of our return to normalcy, no one will grant Poland further relief on our debt, no one will invest, and no one will extend credit if the reforms do not continue.

Balcerowicz's appeal should also be taken very seriously. An aggressive electoral campaign may have fatal consequences, even while the campaign is going on. It will mean the destabilization of the economy. A contest over unfulfilled promises would have a disastrous impact on the future government regardless of who makes up that government.

Free parliamentary elections are inseparably linked with the formation of a party. Through the gradual differentiation of the political map, our political culture is becoming assimilated to the West. The great Solidarity social movement, which the country has to thank for its farewell to communism, is split. Familiarity with the new acronyms PC [Center Accord], UD [Democratic Union], FPD [Forum of the Democratic Right], KLD [Liberal-Democratic Congress], SLP [expansion unknown], and ZChN [Christian National Union] is becoming more and more indispensable if one is to have an orientation in Polish politics.

The genesis of new parties, however, is likewise a cause of disorientation. It takes years for parties to become rooted in society. Today they are often regarded as a result of artificial quarrels and the ambitions of unimportant politicians. Many people long for the former unity of the Solidarity movement and they see no need for the split. In this situation, the manner in which the new parties (I have in mind primarily those parties which emanate from the Solidarity movement) regard each other is of tremendous importance. The politicians from these parties have the serious responsibility of not frightening people away from politics by publicly conducting aggressive quarrels, incomprehensible to most of society or undesirable to the majority.

The minimum to be expected is a fair play agreement between Solidarity forces. I believe, however, that we must expect the possibility of a coalition of all reform-oriented forces.

As the public opinion polls show, society wants to vote for Solidarity. In this situation, the Solidarity union in my opinion should benefit by making a political gesture of tremendous importance: it should grant the Solidarity badge to all parties that clearly emanate from this social movement. I think that these parties are, above all, the Center Agreement, the Liberal-Democratic Congress, and the Democratic Union. The forces emanating from the Solidarity movement should have this kind of support. NSZZ [Independent Self-Governing Trade Union] Solidarity continues to be something more than just a

trade union and the results of future elections will be largely contingent upon its position.

Recent statements by major Solidarity party activists speak of the possibility of understanding on the most critical issues. The fate of the country depends primarily upon the activists of the parties of reason: the PC, the Congress, and the Union. The manner in which these parties manage to frame the differences among themselves, while at the same time coming to an understanding about the common good of Poland, may determine whether reform-oriented forces will have a parliamentary majority.

For the Solidarity forces this must be a "yes" campaign. The yes is a yes for reform. A "no" campaign will be conducted by the SdRP and by Tyminski-type populists. It will be a campaign in which a normal country will battle to gain the majority for the reforms and, thereby, for Poland, regardless of party divisions. This Poland will belong to Europe not only in terms of its geography but also in terms of its total culture.

#### **Critical View of Current Privatization Program**

91EP0400B Warsaw GAZETA WYBORCZA in Polish  
23 Mar 91 p 13

[Article by Ernest Skalski: "Everything Is for Sale: Ernest Skalski Questions the Ongoing Privatization Program"]

[Text] It is better to sell a production plant at a low price than to allow it to rust out in our hands. Perhaps, then, we would have been smarter to sell Ms. Piasecka-Johnson the shipyard for her asking price, since no one else offered more, and we would have had that worry off our heads.

The plants from the group of the first five plants to become privatized are still having serious problems although the sale began with the best plants in order to show stock purchasers that they were getting a good deal. We may also recall, just as Minister Lis did, that capitalism is not a guarantee but an opportunity; therefore it does not have to succeed everywhere. But it is also possible to express concern that the method of privatization was not selected properly.

#### **Death by Degrees**

A state production plant, removed from the administrative structure of management and from the party's aegis, becomes a natural community of interests of the people employed within it (including the director). But within the framework of this community the interest of the most numerous and strongest group dominates, i.e., the interest of rank-and-file employees over that of supervision. The authority of the strongest structure, i.e., the plant's Solidarity [union], also dominates, bolstered by external ties: the region and the citizens committee.

The far-reaching interest of the plant and its work force should consist of fitting into the market mechanism in order to ensure the plant's development, lasting position

and, emanating herefrom, the high and stable income of the firm and its employees. A state production plant, however, is not an economic entity which arose, developed, and existed on the basis of market needs. It is the product of a political decisions, planning efforts, and a nightmarish investment process.

If real socialism did not exist, probably none of our large production plants would exist in their present place and form.

Matching each of these plants to a developing market requires colossal effort and much expense, and in many instances it does not augur success. Sometimes the rational thing to do is to liquidate a plant as quickly as possible. But then it is always necessary to cut back on a large portion of employees, replacing some of them.

No team of employees associated with a plant by a work contract is in a position itself to make such an effort and embark upon such self-sacrifice. Nor will any reasonable person from the outside invest his funds in such a business.

#### **A Person Will Not Do More Than He Has To Do**

The work force's interest consists of keeping one's job and earning as much as possible with the least amount of effort: a person will not do more than he has to do.

For this reason, the fundamental market reaction of such a producer is to raise prices at the lowest possible rate of production. The domination of the work force in management makes it possible to implement this interest for as long as there are enough funds. As we see, there are enough funds [for this to go on] for a long time.

A large plant has large reserves. The plant itself is such a reserve from which to draw through decapitalization. The situation arises in which the actual decisionmaker does not risk his capital, does not bears the costs of his own decisions, and relinquishes them to the formal owner of this bankrupt mass—the state. And so the firm continues on unproductively, wasting national assets.

Appeals are being made to cease the destruction of national assets through the discrimination of state industry. The thrust of these appeals is to transfer still more funds from the small, effective part of the economy into the dead state sector, continuing its agony and making it pleasant, as well as spiraling inflation.

#### **Dispersed Stockholders Will Not Win With the Work Force**

Privatization, which was begun at the end of last year, is supposed to be the solution. It is supposed to be, but probably will not be.

The throng of small, nameless stockholders will not break down the tight resistance in a plant, even if they have the formal title of plant ownership. A person who is relatively well-off treats a stock purchase in an amount equivalent to a television or compact car like the purchase of a lottery ticket. He will not spare any pains, he



will not deny himself anything, he will not put all of his energy into it, and he will not take the time to squeeze out the small percentage of dividend after a few years. Nor can he—stockholders are dispersed and disorganized.

Meanwhile, the work force is right at the location and it is organized in a natural way.

A similar power structure exists in the intermediate stage of commercialization, i.e., under a single-person company of the State Treasury. And so we may be threatened with a situation in which commercialization and privatization may take place and large plants which continue to produce few goods of poor quality will deteriorate further, becoming a worse and worse place of work for work forces that are more and more frustrated. After a time we will say that such capitalism must not be for us.

A work force body of investors will not change anything for the better, because for an employee a plant will always be a workplace and not an investment place. The stock he holds is an auxiliary tool for defending employee interests.

#### **Only a Real Owner**

A real breakthrough may be made only by real owners. These must be concrete people who know that a plant is their capital, which they may increase or lose as a result of their decisions and the manner in which these decisions are executed. Only such owners will enter, in time of need, into a true conflict with the work force which they are not necessarily bound to win.

However, their opportunity is an opportunity for the economy; their defeat will likewise be a defeat for the plant and, over the long term, for the work force.

Such owners dominate in the capitalist economy. Even there where the share of capital stock is significant, primarily in Anglo-Saxon countries, amid the multitude of stockholders, the groups of serious owners are distinctive. They are committed to enterprise issues and and they are effective in forcing decisions to be made. The vast, somewhat anonymous amount of capital stock in these countries emanates from inscribed stock, adopting its rules of operation. All this takes place among people who are brought up in a private economy.

In Poland, the idea of a legislated restructuring of the largest sphere of the economy into capital stock recalls the building, once again, of ideal worlds on the basis of an idea—even one that sounds good.

#### **Support of the System...We Already Had That**

A concomitant idea, that of hindering the concentration of stock ownership in the hands of individuals in order to make possible a large middle class, the support of the system, calls to mind the communist building of heavy industry so as to have a highly industrialized working class, likewise a support...!

The middle class is created of many elements, while stocks are only one of these elements. As a rule the small-scale investor does not even know which firms he has invested in, for his broker makes purchases according to his knowledge of a cluster of many diverse stocks, making money here, losing money there, and overall not suffering a loss. From the viewpoint of the enterprise, having a mass of small-scale stockholders is merely a way to increase capital without really having to part with the right of decisionmaking.

At present in Poland, money for stocks is supported by the meager state budget in exchange for the transferral of a very abstract right of ownership.

The plant gets nothing from its new owners. The work force does not feel obliged to do anything just because someone has bought it together with the plant to which the work force (in its own conviction) possess the greatest rights.

#### **Give It to the Highest Bidder...**

In the mid-1970's, when an organized body of journalists was taken to the building site of the Katowice [Steel-]works, I did not have even one ounce of faith that this was the only right economic move but I really did not know yet what could reasonably be done with such an investment. And then I had the idea to sell this investment for a token zloty to Mr. Zbigniew Szalajda, the director of the plant then under construction. My underlying assumption was that he, wanting to make money and being in the position, as owner, to act, would make wiser decisions than some PRL [Polish People's Republic] plenipotentiary. Let the state have the tax but not the problems.

Many years passed and not only do I not have a better idea but I do not believe that there can be any better idea. Moreover, I do not think that Mr. Szalajda is to be this owner. Theoretically it seems that the enfranchisement of directors as it is now running would be better than maintaining the present state and dragging out a lengthy privatization process.

In practice, meanwhile, those plants which may be identified as once private should be quickly returned to their owners or handed over to their heirs. Apart from the open question of whether this is just and how just it is, it would be the most effective and most favorable economic solution.

#### **...Even at a Salvage Price**

Other enterprises should be sold immediately without detailed price setting, at open auction to the highest bidder. An honest auction will more effectively eliminate thievery, bribery, and suspicion and will bring in the highest sum.

A real market price is that price which purchasers are inclined to pay and not the price set by experts.

Let us imagine that state enterprises become one-person companies of the State Treasury, not in the course of a torturous process but by law, overnight. Next the state sells offhand, at auction, a control package of stocks together with the right of decisionmaking. This does not have to be 51 percent. It may be considerably less if the stocks are privileged stocks, if the purchaser of the package has the right of first purchase of the rest of the stocks, if the state commits itself not to sell the stocks wholesale and the like. At once the plant would have a real owner and the state would have its tax and the possibly some sort of dividend from the unsold stocks.

If it is not done this way, it should be done another way, as quickly and decisively as possible, without seeking perfection, for this can never be done perfectly, even in the course of a lengthy process. This could be that practical great acceleration.

Of course there will be upsets, primarily of a social nature. But these are bound to be if, in the course of ineffective privatization, we are left for years with a great industrial state which goes from being a bullet in the leg to being a millstone around the neck.

### Legal Nuances of Reprivatization Presented

91EP0419A Warsaw *GAZETA WYBORCZA* in Polish  
3 Apr 91 p 13

[Article by Wanda Falkowska: "The Tug of War Between Owners and the Government"]

[Text] Thousands of petitions from citizens applying for return of property seized by communist authorities rest in the files of the Ministry of Ownership Transformations; tens of thousands have been submitted to the voivodes. Persons who can prove that the state had appropriated their property may number, according to guesstimates, a quarter of a million or more.

Reprivatization has been under discussion for a dozen or so months, but nothing has yet been decided concerning it. At the same time, explicit differences have arisen between the government's position and the so-called Belweder [Walesa] proposal.

The position taken by the president's plenipotentiary for reprivatization, Jerzy Grohman, reflects the aspirations of former owners associated in the Association of Polish Industrialists, the Polish Landowners' Association, the Association of Real Estate Owners, and the Committee of Defenders of Private Ownership. The Belweder [group] distinctly supports the former owners, and Plenipotentiary Grohman himself, who comes from a well-known family of Lodz entrepreneurs, used to be the chairman of the Association of Polish Industrialists.

On its part, the government considers many of the demands of these former owners unrealistic, but this discrepancy in views is not as extreme as public opinion seems to believe.

### Landowners and Industrialists

[Former] owners of nationalized property acknowledge in principle the inviolability of the laws determining the nature of the economy, although they believe them to be unfair.

The legal status of landowners, whose land was expropriated by the decree of 6 September 1944 of the PKWN [Polish Committee for National Liberation] on the conduct of the agrarian reform is different from that of industrialists who were affected by the decree of 3 January 1946 on the nationalization of industry. Landed estates (upward of 50 hectares in areas) were simply confiscated without any compensation, whereas compensation was supposed to be paid for a nationalized industrial plant, but never was. Hence the difference in the demands of the two groups of owners.

The position of the owners of nationalized landed estates is that the land that was parceled up among or sold to peasants need not be recovered. The Belweder proposal specifies that landowners who were driven from their estates without leaving them any land should be given farms of a size "considered proper for an efficiently operating farm."

Where would such farms be found? The landowners (and the president's plenipotentiary) propose state-owned land that has not yet been parceled (state farms, State Land Fund, etc.). Irrespective of this, the mansions and houses and parkland of landowners should be restored to them, with the exception of those deemed to be landmarks. Should restoration prove impossible, compensation would be paid. All this would require the passage of suitable legislation by the Sejm.

From the legal point of view the situation of former owners of industrial plants seems simpler, the procedure for and amount of compensation are to be defined by an executive order of the Council of Ministers, and such an order is expected to be issued at any moment now.

It also is worth noting that it was a frequent practice in the 1940's to expropriate landed estates and industrial plants often in disregard of the applicable decrees (for example, estates smaller than 50 hectares in size were confiscated, and so were factories employing fewer than 50 persons).

A 1945 law on the expropriation of real estate in Warsaw provided for compensation which was never paid, because the promised implementing regulations were never issued. All the rights of the former owners, including the right to compensation, expired by virtue of a 1965 law (with certain exceptions, such as apartment buildings with fewer than 20 rooms, but in that case too no compensation was paid).

In other cities, proprietors were not deprived of legal title to their buildings. Their demands are therefore limited to abolishing state management of the apartments. This change is envisaged in the draft of a new housing law. It is worth noting that the former owners do not contest the

ownership of the apartments purchased by tenants from the state in cases in which the sales contract was notarized and the name of the new owner entered in the real estate registry.

#### **Small-Scale Nationalization**

Then there is the special problem of the so-called small-scale nationalization of 1958 when small processing plants, sawmills, flour mills, brick kilns, etc., were confiscated from their owners and placed under the state's administration on using as the legal grounds...the decree of 16 December 1918 on compulsory state trusteeship.

The decree of 1918 had been issued with the object of taking over and putting into operation small plants whose owners departed or disappeared as a result of World War I (subsequently the property was returned to them).

In People's Poland that then 40-year old decree served as the basis for nationalizing the plants which, under the decree of 1946, were supposed to be left in private hands.

#### **What Should Be Returned In-Kind?**

The law on small-scale nationalization did not provide for any compensation. However, it provided for returning the facilities deemed to be either inoperable or not expedient from the standpoint of the national economy. In this way, a few individuals succeeded in regaining their property.

The Belweder proposal provides for, in principle, the return of all the enterprises then expropriated by the state and, in cases in which this is not feasible, for the payment of compensation. That aspect of reprivatization, too, would require appropriate legislation.

In contrast, the government's proposal provides for the return "in-kind" of the small enterprises expropriated without confiscation in 1958 and, wherever possible after 45 years, of the estates and factories seized from owners in violation of communist laws—but not all. The government does not want to return estates of less than 50 hectares in area that had been illegally expropriated from the standpoint of the PKWN decree; instead it wants to pay compensation.

Here it should be clarified that, from the legal point of view, it is difficult to term the return of illegally confiscated property reprivatization. At present, too, it is possible to file claims for the return of the small factories or workshops concerned. In cases of confiscatory decisions taken in the absence of legal grounds or in glaring violation of law, it suffices to institute proceedings under the Code of Administrative Proceedings (Article 156, Paragraph 2), and the highest [court] of last resort in this case is the Superior Administrative Court.

#### **And for What Should Stock Vouchers Be Given?**

All the other claims of former owners are to be, according to the government, met solely by paying them compensation in the form of stock vouchers redeemable

over many years. The vouchers would neither be revalued nor pay interest. But they can be used to buy stock in reprivatized enterprises.

This conflicts with the assumptions of the Belweder proposal, which posits the return in-kind of property wherever possible. The proposal of the president's plenipotentiary also posits that compensation to former owners of industrial plants should be paid not in the form of stock vouchers but in the form of shares in their former enterprises or in Treasury-owned joint-stock companies.

#### **Where To Begin?**

Under the Belweder proposal reprivatization should precede privatization, because the state should not sell assets to which it lacks a confirmed right of ownership. In contrast, the government wants above all to continue the privatization that has already begun in Poland.

This conflict seems, however, resolvable. There is no reason why assets that are indisputably state-owned should not be privatized, while at the same time recording and gradually settling reprivatization claims. The law of 13 July 1990 on the privatization of state enterprises declares that privatization should be preceded by clarifying the legal status of the enterprise, with special allowance of claims by third parties to its assets.

Respecting this provision of the law would protect the state from selling to third parties assets for which former owners have filed claims, as has at one time happened with pharmacies.

#### **What Should Be Done With All This?**

The problem of returning what the communist state had taken away is complicated not only in its legal aspect. It seems that the legal aspect could somehow be resolved, even if thousands of complex inheritance claims were to be filed, disputes about title to property were to break out, etc. What looks more difficult to resolve is the economic aspect, because where could the huge amounts of money needed to pay compensation be found? Morally, too, the matter is unclear, and it is difficult to distinguish unambiguously between acts of historical justice and violations of justice.

In a February poll of the CBOS [Public Opinion Survey Center] 64 percent of the respondents supported reprivatization, but their answers to discrete questions demonstrated that they were favoring only the kind of reprivatization which would not affect themselves adversely in any way. Yet in many cases reprivatization is bound to lead to conflicts of interest.

Despite all these minuses, reprivatization in Poland is both necessary and inevitable. It remains for the Sejm to determine how broad and rapid it is to be.

Lastly, below are several rules which the present writer considers worth recommending:



- Ancient wrongs cannot be righted by causing new wrongs.
- In every case in which it is possible, property should be returned in-kind. This appears warranted by moral and economic considerations. This is the road chosen by Czechoslovakia and the former GDR.
- The reprivatization of residential buildings should be accompanied by issuing regulations to protect their tenants. The provisions of the housing draft law seem insufficient in this respect.
- The reprivatization of enterprises should be combined with temporary job protection.
- Reprivatization processes should not take years. They should be expedited.

### Bielecki Signs Food Customs Tariff Bill

LD2304202991 Warsaw TVP Television Network  
in Polish 1730 GMT 23 Apr 91

[Text] Prime Minister Jan Krzysztof Bielecki has signed a decree on new customs tariff on food. Here are some examples: The tariff on beef and pork is 20 percent; that on butter and sugar, 30 percent; that on grain, flour, and cereals, 10 percent. The tariff on potatoes, tomatoes, and fruit imported between 1 June and 31 July is 15 percent, and for the remainder of the year, 10 percent. The average customs tariff on food will be 20 percent, and on industrial goods, 10 percent.

Press spokesman Andrzej Zarebski stated that in the opinion of the government, Polish agriculture has entered a lasting phase of overproduction of food. In the process of deciding on changes to customs tariffs, the need to protect the domestic market and the welfare of trade exchange with the EEC were taken into account.

### Polish-German Society Aims To Improve Relations

91EP0416A Warsaw ZYCIE WARSZAWY in Polish  
25 Mar 91 p 3

[Interview with Professor Jerzy Holzer, cofounder of the Polish-German Society, by Piotr Skwiecinski; place and date not given: "To Europe—With Germany"]

[Text] [Skwiecinski] Several months ago a gang of neo-fascists attacked Polish Zgorzelec. Recently our compatriots' cars have been deliberately damaged in eastern Germany. In Poland, too, symptoms of chauvinism can be observed. In such a situation do the activities of the Polish-German Society make sense?

[Holzer] I would hazard the statement that manifestations of nationalism are normal, of course insofar as nationalism can be termed something normal. These manifestations are not confined to Poland and the former GDR. Recently in the supposedly highly civilized Czechoslovakia there occurred a pogrom on Gypsies, which resulted in deaths. Not to mention what is happening in the Balkans or, too, east of Poland. For 45 years the cauldron of nationalist feelings and prejudices had been bottled up by the iron clamp of friendship by

decree. When the clamp ruptured, the steam had to find a vent for itself. I am surprised that the collapse of communism has not resulted in much greater eruptions of chauvinism.

At the same time, I would not classify Zgorzelec among the instances you cited. That was a provocation whose authors can in no way be considered representative of the German society, just as the Polish skinheads are not representative of our country.

[Skwiecinski] But still, a surge of xenophobia took place on the territory of the former GDR.

[Holzer] True. Incidentally, it was chiefly focused not on Poles but on the colored workers there.

Throughout the period of existence of the GDR, Polish-German relations were under special supervision. No private individual over there was allowed to say anything bad about our country. At the same time, government propaganda was strongly anti-Polish. That was clearly an unhealthy situation. A scarcity economy reigned in both countries, but not equally. When the economic crisis began to grow in Poland, the East Germans began to defend their prosperity, dubious [as it was], and resulting from not only domestic conditions. The nationalist emotions were magnified by the everyday communist struggle for existence, that is, for consumer goods. This hidden conflict grew ever since the late 1970's. Now, however, both our country and the territory of the former GDR have a fairly normal economy. That is why I believe that, even after the border is opened, we will not be menaced by a surge of anti-Polish feelings or actions.

I must say that the phenomenon of nationalistic eruptions is real and dangerous. Paradoxical as it may seem, that is precisely why I believe in the existence of a demand for a society such as ours.

[Skwiecinski] In Poland nationalism doubtlessly exists. But it seems that it is rather national nihilism that is triumphant in our country. Many Poles are dreaming of the possibility of becoming Germanized. Do you not fear that the activities of your society might be considered as contributing to such processes?

[Holzer] I do not believe that Poland is threatened by Germanization. Being desirous to emigrate to Germany, many Poles devised fictitious German ancestors of their own, without meaning it seriously. But that was typical emigration for job-seeking purposes. I would not exaggerate this trend. Emigration in search of employment may result in a gradual loss of national identity by the emigrating individuals, but in the modern world that is nothing particularly new or dramatic.

The problem rather could be summed up in the form of the question: "Are Poles proud of being Poles?" I think that the recent decades have undermined our self-esteem. The prevailing belief is that we live in an enslaved, disorganized, and destitute country at the tail-end of Europe. This spurs the desire to emigrate in search of employment, and sometimes also the desire to

leave Polishness behind. Processes of this kind can be halted only by a change of the situation in our country rather than by activities of, say, societies such as ours.

In Europe a shared feeling of a higher-order community is developing. This does not mean the turn-of-the-century concept of a continent of nations but rather an Europe to which everyone is to contribute something and which is not to consist in contradictions or borders among nations. Such also are the intentions of our society. We want to abolish impermeable borders between Poles and Germans, not only in economic but also in cultural terms, in terms of mutual understanding. But I do not believe that this would mean the Germanization of Poland—that is a fiction cherished by nationalists and “tardy national communists” alike.

[Skwiecinski] But still many Poles dread German civilizational and cultural superiority.

[Holzer] We are a historic nation, one of the oldest in this part of the continent. It is the other countries of East Europe, which lack such strong and distinct roots, that should have more reason to feel apprehensive in that respect, I believe.

West Europe fears Americanization. We quake before the cultural superiority of Germans. In their turn, Lithuanians and Belorussians fear us. Everybody fears the one who is stronger. But that is a risk that has to be taken if one wants to have a dynamic partner. West Europe has, despite its numerous anti-American phobias and complexes, gained more than it lost by its relationship with America.

Of course, we too will form various phobias and complexes owing to the belief that the German partner is influencing us too much, is too strong and dynamic. But I think that that strong influence can be a stimulus for more intensive efforts to catch up with those who are in the civilizational vanguard. The alternative would be isolation. Various countries have tried that alternative and, as a result, become backward and finally collapsed with a crash. The latest example is Albania.

We cannot join Europe while at the same time isolating ourselves from the mightiest European country, which is moreover our neighbor. Here a decision has to be taken. Either we enter Europe, together with Germany rather than against it, or we isolate ourselves from the FRG and hence also from Europe. In Poland the idea is nurtured that we can join Europe without and in opposition to Germany, through close relations with England and France. This is a misunderstanding as these countries will not isolate themselves from Germany for our sake.

[Skwiecinski] When was your society first established? What are its purposes?

[Holzer] The first meeting of the society was held following its registration, last January. Most of our members live in Warsaw, but we also maintain branches in Szczecin and the Gdansk-Gdynia-Sopot Tricity, and we have members living in other places too. Of course, we

do not intend to set up a mass organization of the former TPPR [Polish-Soviet Friendship Society] kind. But we feel distressed over the fact that so far branches of our society have not been formed in the places where their presence would be most desirable, that is, in border areas where problems of Polish-German coexistence are an everyday reality. The sole exception is Szczecin.

Our society was formed on the initiative of a number of members of the intellectual and journalistic community, as well as of those in the borderland of politics. The names of Mieczyslaw Pszon, Krzysztof Zanussi, and Andrzej Szczypiorski could be mentioned. So far, unfortunately, the economists are staying aloof.

As early as this March we are beginning to be highly active in, chiefly, organizing symposia and meetings with persons of importance to Polish-German relations. By way of an example, let me mention Ambassador Reiter.

Besides, ours is not the only initiative. There is also the Poland-FRG Society, established in 1989 by party intellectuals belonging to the liberal circles of the PZPR [Polish United Workers' Party]. It was the misfortune of its founders that they were a little late, because their organization was registered on the very day on which the Mazowiecki administration was formed.

More recently, to my great surprise, the Vistula-Oder Society, which at this time is difficult to associate with Polish-German reconciliation, has, along with the Poland-GDR Society (which has outlived by one year the subject of its activities), established Polish-German Neighborhood Clubs. It is very good that finally these organizations, too, have acknowledged that a democratic and noncommunist Germany is not Poland's adversary but a partner who merits understanding.

[Skwiecinski] Do you maintain contacts with the German landsman associations?

[Holzer] There are no official relations as yet. Some of us maintain certain private contacts. I, for example, am personally acquainted with Philipp von Bismarck, one of the leading figures of the Pomeranian Landsman Association.

I must admit that it is the Silesian Landsman Association that is causing us the greatest problem. Its position on relations with Poland is crucial, if only because the only large German minority in our country lives precisely in Silesia.

We reject the view that supposedly dialogue with the landsman associations is impossible. That had been so while the Polish-German border was being questioned. Now, however, it has been recognized by the FRG and all major German political groupings. That is why we believe that by now it is possible and necessary to establish a dialogue with the German expellees. We hope that they will accept the policy of their own government. And if that is so, there would only remain other, smaller

problems regarding the manner and style of contacts between the landsman associations and the German minority in Poland.

Besides, I think that we in Poland today understand better the meaning of nostalgia for one's native land. After all, in this country also there have lately arisen organizations associating Polish expellees from the former eastern Polish borderlands.

[Skwiecinski] Do you cooperate with the Silesian Germans living here in Poland?

[Holzer] So far the organizations of the German minority have not expressed interest in cooperating with us. But, anyway, we do not want to act on behalf of the local, Silesian societies. The possibility of free expression of ethnic identity has borne fruit in Silesia not only in the form of Polish-German conflicts but also in that of a number of interesting initiatives designed to bring both nationalities together.

[Skwiecinski] The landsman associations are demanding that the rights of the German minority in Poland be protected by an intergovernmental agreement. In our country this demand is generally viewed as questioning the legal and international sovereignty of the Polish Republic.

[Holzer] It certainly would make no sense and be a bad idea to devise some special rules of the game for the German minority. This is one side of the coin. The reverse side is that the Germans have promulgated certain special legal regulations exempting the Danish minority in Schleswig from the requirement of a minimum of five percent of votes for being represented in the Bundestag. We should consider providing our minorities—not only German but also Ukrainian and Belorussian—with the conditions enabling them to genuinely participate in Polish political life.

#### **POLITYKA Weekly News Roundup: 24-30 Mar**

91EP0405A Warsaw *POLITYKA* in Polish No 13, 30 Mar 91 p 2

[Excerpts]

#### **National News**

President Lech Walesa deemed his trip to the United States very useful and successful. Slawomir Siwek, secretary of state in the presidential chancellery, commented on the discussions during the summit: "I would describe the talks of the two presidents as a discussion between two friends who understand each other and as talks between two politicians who understand the complicated international situation." In the commentaries, much space was devoted to the American plans to forgive 70 percent of Poland's debts, and they treated the decision as further pressure on other creditors who have agreed to a 50-percent reduction. [passage omitted]

The day before the visit, President George Bush was interviewed by PAP and RZECZPOSPOLITA. His

response to the question whether the United States would support giving special status in NATO to the countries of East and Central Europe that have left the Warsaw Pact: "We believe the liaison missions formed on our initiative at the London NATO summit in July 1990 provide for a broad range of development of close, constructive relations between the allies and the countries of Central and Eastern Europe and also with the Soviet Union. We want the relations to continue to develop."

Farmers blocked the roads at the behest of Rural Solidarity. ("We are not interested in blocking Poland," said Gabriel Janowski, the leader of Rural Solidarity, "but in unblocking thinking about agriculture.") The agricultural circles led by Janusz Maksymiuk supported the Solidarity action. He declared: "Since previous meetings between farmers and the government have resembled a conversation between a blind man and a deaf man, we have nothing left except to support the action. Our taking to the streets is forced; it is an act of desperation."

Truancy day in Warsaw (but not just) led to violence and intervention by the police. Ten policemen were injured and 75 persons were arrested.

ZUSTRACZI (Polish version) prints materials from talks between Polish and Ukrainian parliamentarians in Jablonna where the supporters of Polish-Ukrainian cooperation met on 4 and 5 May 1991. In the same issue, historians publish articles concerning the painful problems of 1939-51.

Ukrainian Poles are demanding, among other things, the condemnation of the Vistula campaign by the Sejm, as the Senate has done, moral and material compensation, and help for individuals who want to return to the land of their fathers. The Communiqué of the Main Council of the Union of Ukrainians in Poland has stated that the Union "views with concern the repressive references to the principle of 'mutuality' in relation to the problems of the Ukrainian minority in Poland and the Polish minority in the Ukraine."

Roman Bartoszcze, president of the Polish Peasant Party (PSL), has distributed a declaration in which he deals with the "former coworkers of the former regime" in the ranks of the Polish Peasant Party (PSL). "I declare resolutely that these people are not on our path. They must resign even if the organization is to decline to 10,000 members. Polish reasons of state demand this action. These people by their actions have deprived themselves of credibility. They have shown their face as true communist ZSL [United Peasant Party] members. I ask everyone who is genuinely interested in the good of the peasant movement on the basis of the ideas of August 1990 to begin a cleansing of the ranks from below. The Polish Peasant Party must be free of the communist left." Roman Jagielinski, chairman of the Main Council of the Polish Peasant Party, distanced himself from this comment and said that it was not presented to the Council nor to the Main Executive Committee, and that

it is the "personal position of Mr. Bartoszcze, not authorized by the membership bodies." [passage omitted]

From Minister K. Skubiszewski's press conference. "The so-called fears raised by the paper SOVETSKAYA ROSSIYA that given the disintegration in the USSR Poland might raise territorial claims against particular republics are unfounded. Our eastern border is settled definitively and will not change." "The formation of a second CEMA is out of the question because it is not needed in the new conditions. We will develop our cooperation with the USSR on a bilateral basis."

**Motorization and Prices.** The price of red gasoline returned to its previous level after a reduction that lasted 13 days. Through 30 March 1991, Polonaises in factory stores were cheaper. There the reduction was 28 percent and the basic version cost 47-50 million zlotys [Z]. At other stores the reduction was 17 percent. RZECZPOSPOLITA reports the prices of foreign cars available in Poland. The retail prices include the cost of the cars and a 10-percent customs charge to which a 20 percent turnover tax figured on the sum of both is added. A Lada Samara 1300 costs Z50.9 million; a Skoda Favorit 1300, Z61 million; a Uno Trend 903 cm<sup>3</sup>, from Z73.9 to Z75.9 million; a Uno 1100, Z89.9 million; Citroen AX 954 cm<sup>3</sup>, Z89.2 million; Peugeot 205 954 cm<sup>3</sup>, Z98.8 million; Nissan Sunny 1400 cm<sup>3</sup>, Z99.9 million zloty. [passage omitted]

The breakup in the Polish Socialist Party (PPS), which looms with the dismissal of J.J. Lipski from all his party positions, was avoided. The socialist leader withdrew his resignation and also restored Piotr Ikonowicz to his position as editor in chief of ROBOTNIK.

**Who's Who** The new chairman of the National Commission for Mining of NSZZ [Independent Self-Governing Trade Union] Solidarity is Wacław Marszewski of the Knurow Mine. His predecessor Andrzej Lipko has become undersecretary of state in the Ministry of Industry. Marek Latynski, a long-time journalist and director of Radio Free Europe, has become ambassador of the Republic of Poland to Switzerland; he replaces Zdzisław Czeszejko-Sochacki, a lawyer and former member of the Law Committee of the Polish Academy of Sciences. The press spokesman for the Christian National Union (ZChN) told GAZETA WYBORCZA that his party is demanding the removal of Grzegorz Zorbas-Kostrzewa (Center Accord) from the position of deputy director of the European department of the Ministry of Foreign Affairs and the removal of Stanisław Ciosek from the position of ambassador of the Republic of Poland in Moscow: "Having individuals who supported anti-Polish nationalisms hold high position contradicts Polish reasons of state." According to the spokesman "the main problems are with Ukrainian, Lithuanian, and Byelorussian nationalisms, but also with any others that might appear." [passage omitted]

"How to survive?" is the title the editors of POSREDNIAK, the paper for the unemployed, have given to a

competition for people who have lost their jobs. The main prize is 5 million zlotys (POSREDNIAK, Warsaw, 12a Wiejska St.) [passage omitted]

## Opinions

*Jaroslav Kaczynski, president of the Center Accord:*

(Interviewed by Tomasz Szymchel, BIULETYN POROZUMIENIA CENTRUM 1 March 1991)

[Answer] In Poland, part of society supports the left for economic and ideological-moral reasons. One should ask who will represent that part of society in parliament. In my opinion, it would be better for that part of society to be represented by a social democracy that is not post-communist, not a part of the group that is far from destroying the spider web of relations that ensnared Poland during the previous period. The struggle for that part of the electorate by an authentic, noncommunist social democracy would be both politically positive, and I think not devoid of some promise. At present, that political zone is occupied by Tyminski and, in part, by Cimoszewicz or the OPZZ [All-Polish Trade Union Agreement] Movement of the Working People. It would be better for a social democracy deriving from the Solidarity left to occupy that electorate. Mazowiecki, Geremek, and friends prefer, however, to cut coupons from the past when they constituted the dominant part of the anticommunist intellectual opposition. That opposition fought the order that for years used the apparent or real support of intellectuals as a kind of substitute for social support. In the new reality evoking that situation is obviously an anachronism.

*Krzysztof Kozłowski, senator, former minister of internal affairs:*

(Interviewed by Krzysztof Samborski, DZIENNIK POLSKI 1 March 1991)

[Answer] We had some materials when doubts arose about Tyminski. We knew about the circumstances in which he left Poland, how many times he had come to Poland. But I saw nothing criminal in Tyminski's activities.

[Question] Did he lie saying he had never been in Libya?

[Answer] No, he did not lie. I have every reason to believe—it is embarrassing to say—that our computer system made a mistake.... Seven computer printouts showed Tripoli as the location at which he received an entry visa. That was a computer mistake. I would like to note that I opposed embroiling the police in any political maneuvers. Tyminski was a challenge to the awakening Polish democracy, but that is still no reason for the police to deal with him.

*Prof. Dr. Ewa Letowska, ombudsman for citizen rights:*

(Interviewed by Ewa Ostrowska, GLOS WIELKOPOLSKI 20 February 1991)



[Answer] Please remember that the ombudsman has taken up such issues as property beyond the Bug, Warsaw lands, the return of pharmacies, prewar papers. Now privatization has aroused great hope for the righting of historical wrongs. I also receive letters on very strange cases. For example, some had lumber stolen from a bridge in 1920 or someone after the war had a horse stolen with or without its harness. I give these examples to show how complicated the materials of historical revindication are. It is necessary to make a register of wrongs, to say what can be done, when it can be done, and how these wrongs can and should be handled. The law is not helpless in these cases. All cases that reach the office of the ombudsman are recorded. One could take these working notes of mine and as quickly as possible restore order and legal standards. [passage omitted]

## ROMANIA

### Minister Stanculescu on Ceausescu's Overthrow

91BA0524B Bucharest FLACARA in Romanian  
27 Feb 91 p 7

[Interview with General Victor Stanculescu by Ion D. Goia; place and date not given: "In Timisoara I Realized That for Ceausescu the Game Was Lost"]

[Text] [Goia] Why were you dispatched to Timisoara in December 1989?

[Stanculescu] On Sunday 17 December Defense Minister Vasile Milea summoned me to his office and said: Unusual things are happening in Timisoara. I decided to send Guse and Chitac there, and Coman will go too. I gave them a plane. Since you have contacts in Timisoara industry because of your job, I thought you should go and find out what the situation is, what the mood is, because the situation is not clear. OK, I said, but what is it all about, what's happened? The minister told me in a few words what he knew at the time and told me to leave for the airport right away because he had ordered the plane to wait for me. Excuse me, I said, but what am I to do in Timisoara, where should I start. I go there and who do I talk to? You go to military representatives and talk to them, see what the atmosphere is in enterprises. An order is an order. Guse and Chitac were at the airport waiting for Coman and Nuta showed up, too. I asked them what they knew. Chitac said there had been some acts of vandalism and that apparently foreign forces were involved, too—that was the version dictated from above, by the Securitate services. Nuta said he had talked to Macri, who said the disturbances were very wide spread.

[Goia] What did you find on the site?

[Stanculescu] We arrived in Timisoara around 1600 and were met by representatives of the Army, the MI [Interior Ministry], the Securitate, and local government bodies. A convoy of cars was formed. We were told, you can't go downtown because there's shooting there. Who is shooting? I asked. We don't know. Why are they shooting? We don't know. So the situation was very

confused. We stopped by the Militia, where Nuta was supposed to stay. We went into General Macri's office. He told us that groups of rioters attacked the county committee, forced their way in and were gotten out with difficulty, attacked the downtown, and that at that time the mechanized division command was under attack and that there had been shooting from there. We are not in control of the situation, he said. We parted. Nuta stayed there, while Guse, Chitac, and I went to the division's signal battalion. We didn't know where Coman was, he had disappeared from the convoy. From the battalion we got in touch with the chief of staff, Colonel Zeca. Guse talked. He was told: We have been attacked, Molotov cocktails were thrown, two officers' cars in front of the building were set on fire, entry was attempted by force through the adjacent restaurant, we hardly managed to put out the fire, now we've gone out with troops and are firing in the air. We asked how we could get to them. It was getting dark. We saw the two burned cars. We went into the building. People were scared. A few had received wounds from the fire bombs and stones. They briefed us on what had happened. We were told that on Saturday, at Minister Milea's order, the Army had gone into the streets unarmed, with the band, to calm the spirits and give the impression that all was peaceful. It had no impact and they had to withdraw.

[Goia] Where had Coman disappeared to?

[Stanculescu] He had gone to the party county committee. From there he called us: Where are you, what are you doing, you left me by myself. He asked what we knew and who were the individuals who were rioting. We told him we didn't know exactly who they were but that they were aggressive, that they had thrown stones, logs, fire bombs, iron bars, chunks of iron, and other things. He asked that one of us go to the committee. I went. There I also found Matei and Balan. The building was surrounded by some militia troops and border guards who had recently been transferred to the MI; anyway, there were no attackers left, it was quiet, the two fire brigade trucks that had been burned could be seen on the right. Only at the county committee did I find out about Tokes and the whole story, namely that that was how all the trouble started. It was not known who and what was behind Tokes and the other rioters, even the securitate was not clear about it. In fact this is still the case today, the matter of interference and incitement from abroad is not clear because there is no evidence. It was only surmised that it was perhaps the Hungarians, or the Serbians, or maybe others, too. That night there were no special problems, only confusion, no one knew exactly what was happening—there was a kind of organized disorder in the city. There seemed to be organized disorganization and disinformation. Some reports were sent to Bucharest. The contact was maintained on three channels: Milea-Guse, Postelnicu-Nuta, and one from headquarters—Dascalescu and Bobu with Coman and Balan.

[Goia] What about going to factories?

[Stanculescu] Next day, the 18th, Pacoste also came from Bucharest; he was viewed as a "dialogue man," someone who could thus help calm the situation. So they went off to talk: Pacoste to some factories, Balan to some others, while Matei stayed only until noon then left for Arad. I went to the division, where I found out that some forces had arrived, among them the paratroopers battalion from Buzau. That afternoon the damages were photographed. Pacoste came and said that the enterprises he had visited were quiet. Nevertheless, there was tension in the city, there was a rumor, something seemed to be on the boil. In the meantime, Milea reported that he had gotten in touch with Nicu Ceausescu to send a tear gas kit by plane. An officer brought it from the airport. It was in fact the kind of kit that each command had for training. We put the kit in a neighboring room and that's where it stayed all the time; I told the fellow who brought it: Leave it here, you can't do anything with it. When the incident happened at the cathedral, the famous team, led by Chitac, that went to see what was happening was formed. That's when reportedly he tossed four tear gas grenades. I don't know whether he took them out of the kit or had them at the division command.

[Goia] What was the culminating point of the events you experienced in Timisoara?

[Stanculescu] I think the events of 19 December. That's when the workers at each plant got up and marched toward the center of town and the county committee, so that by noon the area was full [previous word in English]. That's when the crowds were roused: the revolution itself. There was nothing to be done in Timisoara any more, and if no one escaped by helicopter from there, that was only because Timisoara is not Bucharest. The negotiations were lengthy and laborious and took place between the people of Timisoara and Coman, Pacoste, and Balan. Dascalescu and Bobu came from Bucharest, as you know. The people detained were released in the wake of the negotiations, some 800 of them. Late that night Dascalescu spoke on the phone with Bucharest, said that the situation was very serious and that there was no solution. I took them to the airport and they left for Bucharest, both Dascalescu and Bobu. So that you realize my position there I will tell you that I didn't even know about the affair with the bodies. I only found out about that when I came back to Bucharest, when my wife said her aunt could not be cremated because something had happened there. There was police there and no one was admitted. In the meantime Coman told me to get in touch with the civilian defense because they had to know how many victims there were. I called up the fellow in charge of civilian defense, put them in touch, and together they made a report on how many were dead, how many were wounded, and how many were in hospitals. The report was given to Coman. At one point Coman said to me: Hey, what's going on, Guse says one thing, Nuta another, and I don't know what the situation is. Indeed, by bringing in troops an installation was created which the two knew about. So I said: I'll go get a map and we'll see. So I went to Guse and there a staff officer marked the Army installation which was

deployed along the Bega, and the location of the MI troops on a regular tourist map, which I gave to Coman. So much about the map that allegedly I drew up for the purpose of leading the military operations. It was nothing more than a job done by an operations section employee.

[Goia] What conclusions did you draw from what you saw then?

[Stanculescu] I could of course tell you in detail about my entire stay in that city. I think I can state that the days I spent there made me realize that the Ceausescu regime was doomed and that his collapse was only a matter of days. That is why at some point I decided not to get involved in any way in measures that could only prolong the agony. When I had to read a proclamation to the people of Timisoara I told the doctor to give me a shot with a powerful sedative and I slept like a log until noon the next day. The proclamation was in the end read by Chitac. For Ceausescu the game was lost and I thought it was my duty to make sure that not a drop of blood was shed. There was no need for Ceausescu to use me again in any way. That was the reason for my leg cast.

[Goia] During the time you were in Timisoara did you know anything about the dead, the shooting, the fact that there had been clashes which ended with victims?

[Stanculescu] I learned precise data from the report drafted by the civilian defense chief I mentioned. At the time there were 60 dead. He was told to find out where they were and what the cause of death was.

[Goia] Did you tour the city to see those tragic events for yourself, or did you know about them only from the statistics reported?

[Stanculescu] Only from the statistics. The number of victims was computed from various parts of the city.

[Goia] Do you really think that foreign provocations were involved in the events in Timisoara?

[Stanculescu] The question is the same as whether there had been terrorists from across the border. These two things will remain mysteries like President Kennedy's death, which still has not been cleared 30 years later. Maybe later, when the situation has settled and when all the investigations carried out by the prosecutor's office and the special bodies will be put together, maybe then data will be published that will shed some light on those two unknowns.

[Goia] I also followed the Timisoara trial, during which the defendants made various statements about what they thought about the dead of Timisoara and especially about who shot them. What do you think, which clashes produced those victims?

[Stanculescu] Involved in the clashes were various forces, police, Securitate troops, border troops, and even military units. The deaths and injuries could have been

caused by any of these forces who participated and came into contact with the people of Timisoara at various stages of the events.

[Goia] When did you return to Bucharest?

[Stanculescu] On 22 December at 0130.

[Goia] How did you learn on the spot what had happened in Bucharest and how did you participate in the events that took place on 22 December?

[Stanculescu] I have talked about these things in several interviews. I confirm what I said before.

[Goia] Still, what was the story with the cast?

[Stanculescu] I knew that once I returned to Bucharest I risked being given some order by Ceausescu, in which case as an officer I had only two alternatives: to carry out the order, or to refuse and share Milea's fate. So I had to avoid receiving such orders at any cost. So I thought of General Niculescu, a surgeon and the head of the surgery-traumatology section at the Military Hospital. I called him up and asked him for a private meeting. At 0530 I was at the hospital. By 0600, after I explained to him that I had been in Timisoara and had realized that the situation was at the point of no return, and that the same thing could be said about Bucharest in the wake of what I had time to learn and observe after my return, I asked him to do something to me, because I didn't want to participate in anything that Ceausescu may do. I'll give you a leg cast, he said. But, I said, there are two snags. One is that it can be X-rayed and seen that it was not broken, and secondly, if he got two or three people to get the cast on, the secret may be learned from them. The general, however, reassured me: Never mind, I'll put the cast on myself, and as for the trauma, you can say you had a meniscus injury, which doesn't show on X-rays. And he did everything himself, it took about one hour, until about 0700. I asked him if it weren't better if I stayed at the hospital, but he said there was no need, I could go home without worry. I stayed another hour until the cast was dry, then I went home. As soon as I got there, my wife said: You know, the operations officer kept calling, you must go to headquarters immediately, meaning to the CC [Central Committee]. She didn't even finish talking when a Securitate car arrived, picked me up immediately, and took me to the CC. The cast didn't do any good.

[Goia] What about the order to pull the troops back to garrison?

[Stanculescu] When I went up to the first floor at the CC, Ceausescu, Bobu, and Dascalescu were standing at the door of Office 1, very agitated and very scared. Ceausescu shouted to me: Take command of the Army immediately and order massive intervention here. Look what's happening, Milea was a traitor and shot himself. Then I went into the communications office and asked what the situation was at the units. They said that one mechanized and one tank regiment were on their way to the center of Bucharest. That's when I gave the order to pull

them back to garrison; everything happened just as you wrote in the magazine. I then went to the officers' room. I met Generals Voinea and Eftimescu. In the meantime, the cordons had broken and the crowds had entered the square. Ceausescu again called me: What did you do? he said. I gave order, I replied, without specifying what kind of order. Then came the attempt to go out on the balcony. Neagoe then came to me and said he had called Rus to send the helicopter, but Rus wanted to have it confirmed by someone at the Ministry. So I went and called Rus up: Hey, Rus, send the helicopter quickly to get him out of here, otherwise there'll be a carnage. So the helicopter came. We, the officers, went upstairs to make sure that he left and thus preempt the massacre that would have occurred if the two changed their mind about leaving and ordered resistance in the building. The rest you know.

[Goia] Are there any other details you'd like to add?

[Stanculescu] Three things. First, I want to express my astonishment that the television hosted retired generals who had no idea about the situation in the country and who kept saying: Stop the massacre! Stop the massacre! when there was no massacre. Second, Kostyal in a number of interviews described discussions that took place only in his imagination. And finally, I want to point out that I found out about Iliescu and Roman only when Sergiu Nicolaescu called me up and told me to bring the two and others to the Ministry for safety. Until then I didn't know about either Roman or Iliescu.

### Opposition Leader Ratiu on Political Situation

91BA0524C Bucharest FLACARA in Romanian  
20 Feb 91 p 7

[Interview with opposition leader Ion Ratiu by Eugen Mihaescu; place and date not given: "The Present Government Does Not Meet the Current Political Requirements"]

[Text] [Mihaescu] Mr. Ion Ratiu, you and the other opposition representatives were received in Strasbourg behind closed doors. At least that's what the Romanian television told us. What was your stand?

[Ratiu] I began with the clear statement that Romania belongs to Europe, that Romania and the Romanian people aspire to be a part of Europe, which is only normal because this is our country's rightful status. At the same time, I said it was very important not to have an erroneous image of what is happening in Romania, for which we must proceed from the five points outlined in the letter written in February 1990 by Mr. Andriessen, vice chairman of the European Council. I was not able to talk about the five points in detail because the time was limited. I will remind you that the five points in question concern the existence of a state of law (including respect for human rights and equal access to the mass media for everyone), freedom of the press—both spoken and written—free elections, and rapid progress toward privatization and political pluralism. Upon examining them we



came to the conclusion that only the fifth point was met, up to a point. And how was it met? By encouraging the proliferation of parties. Anyone who managed to gather 250 signatures and formed a political party or organization automatically received an office and money to begin political activities. I called the attention of my listeners to the fact that the same thing would have happened in any democratic country with even the oldest tradition. Similarly, I stressed the fact that Romania badly needs aid, certainly humanitarian aid, and that Romania cannot make progress without economic aid from the West, because there is no serious capital basis in Romania. However, I also referred to the first point, about which I said that the state of law is not recognized. At the same time I talked about the latest events—the resumption of the practices concerning foreigners, sending troops to plants, the king's visit to Romania and his expulsion—I didn't understand why, because as a Romanian citizen he had a right to come to Romania—and about the fact that during a demonstration in January 1991 in Bucharest a large number of Romanian and foreign reporters were beaten and their equipment was smashed. I expressed the view that such actions are not in keeping with a state of law and with respect for the law and for human rights.

[Mihaescu] Hungary abstained when Romania was accepted in the European Council as a special guest. How do you explain that stance?

[Ratiu] I didn't know that Hungary abstained, but I imagine it made that kind of gesture not for the sake of the Romanians in Romania, but for the Hungarian minority in Romania, which claims that some of its human rights are being violated. The Hungarians are probably referring especially to having higher education—university education—in their mother tongue. I think that must be the reason, but I don't know the details.

[Mihaescu] What do you think about the novel situation of having several reports presented on the events of 13-15 June 1990?

[Ratiu] As far as I am concerned, the manner in which those events were presented in the majority report was completely erroneous and totally unjustified. I was described as if there were no difference between myself and the people who distributed tents to the University Square protesters, which is false. I received in this very room countless people, including University Square representatives, and I received them elegantly every time, the way I receive anyone who does me the honor of calling on me, but I didn't finance anyone at all. I realized that it would have been a mistake and that's why I systematically refused. I am a Parliament member, a man of the law; consequently, as a convinced democrat, I must struggle with democratic weapons, not with the weapon of street demonstrations. Anyone who watched me must have realized that I maintained a strictly democratic stance and never even used a harsh word, let alone physical violence. For me to use any other means

in order to change the regime or create a certain political situation in which the regime may be replaced, would be a complete negation of my democratic position. I want such a change because I believe that the present government does not meet the current political requirements and is not producing the results that the country needs. This government's policy as implemented by its members will not help resolve our serious economic situation. Not even now, after such economic aid will begin to arrive, do I think that a propitious situation will be created for a great influx of Western capital to be invested for profit. The aid, important and welcome as it is, will not suffice to change the country's economic climate. What will bring about change will be the confidence that will be fostered in the minds of potential investors that the money they invest in this country will be guaranteed, will not be lost, and will bring them large profits and high financial returns. This is the Gordian knot and this is what the current government hasn't managed to achieve, until now anyway. This is the reason that I attacked the government so many times, the reason for which twice I demanded the government's resignation, on 25 October and on 21 December 1990. I had justified and documented reasons for doing so, it wasn't a whim.

[Mihaescu] The government made a big deal out of Romania being granted special guest status at the European Council. Do you think that it was blowing unearned merits out of proportion?

[Ratiu] The entire Romanian written and spoken press applauded Prime Minister Petre Roman's great success. In my opinion there was no justification for that. I happened to travel on the same plane with Mr. Roman from Strasbourg to Paris. I personally could not listen to Prime Minister Roman, was not allowed. That was OK, it was like a legal hearing. However, after hearing Mr. Petre Roman, a French deputy told me that it was an extraordinary farce. In other words, he talked beautifully without saying anything. That's why his address was described as a farce. Nevertheless, he was asked many questions, but the observer status was not granted thanks to his personal success. This status was granted to Romania so that, from the heart of Europe, Romania can try to rise to the level and meet the conditions of a genuine member of this important body. It was more Europe's endeavor than our prime minister's. In fact, I have nothing but sympathy for Prime Minister Petre Roman. I personally feel no animosity toward him and I imagine that he may well want to lead the country to democracy. I wonder, however, whether he is capable of doing so. Does he possess the necessary knowledge? Does he have the necessary experience to lead the country to democracy? That's the problem!

[Mihaescu] As you said, Romania needs Western investments and capital. Have you, Mr. Ion Ratiu, done anything along this line? I am referring strictly to your material resources.

[Ratiu] What I have done so far was to get involved and become active in communications. This is also the area

in which I sought to contribute financial resources, which I did. I have a working printing shop, although it still has some problems. I brought in trucks to distribute newspapers, and I brought in computers to set the press in print. We will soon produce a newspaper which will be called COTIDIANUL. I tried and I'm still trying to find means of opening an independent television station. I'm not interested in having the television station for myself. Once we have an independent television station I will support it, provided people don't think that my participation gives it a certain political coloring. I genuinely hope that that television station will be completely independent, just like the newspaper that we will bring out will be a news newspaper, not a political newspaper but one for news. And, of course, it will be an independent newspaper. Of course, its opinion will clearly be expressed in the opinion column, but not in the rest of the paper. We will leave the reader to draw his own conclusions.

As for investing in other areas, as soon as I came to Romania I announced that I didn't come to make money in Romania. If I wanted to make money, to continue making money, I would have stayed in the West, where I already have a well-established niche. I have my own institutions and organizations, especially economic ones, in several countries. I came to Romania to bring money and I spent a lot of money in Romania with the equipment I brought here. But I think it would be a mistake for me to become directly involved in the country's economy. The main purpose for which I returned was politics, so if I had economic interests in certain areas, my political ideas would necessarily be colored accordingly. So I don't want to go into business in Romania. On the other hand, however, I was actively and very efficiently instrumental in bringing an enormous amount of humanitarian aid to Romania. I think that when these matters are computed in detail it will be found that I brought much more than 20 million pounds sterling from the West, mostly from England. So we're talking about \$40 million in humanitarian aid.

[Mihaescu] We are in the midst of the 1990-91 winter. The picture is not at all encouraging. There is the energy crisis, many enterprises have closed down, and about three million people are partially or totally unemployed. What do you have to say about this Romanian reality?

[Ratiu] We are going through an extremely serious economic situation. I am not referring only to the obvious energy crisis, but to the fact that the reforms and changes that have been made so far have failed to launch a radical change; they have not released private initiative and have failed to encourage entrepreneurship. There has been no release of the spirit of adventure; people still don't dare to start anything on their own. Without such spirit of entrepreneurship it is impossible to establish a market economy or a free economy. We're all waiting for the reform to come from above and to be told what to do. That's not the way to change the system. And without changing the system we won't get results. Secondly, the manner in which things were done was in my view

wrong. The privatization that has been achieved so far is marginal—a few restaurants, a few bars, some small stores. What's important is that the reform affect the heavy industry, which was like a case of elephantiasis, a cancerous growth in some sectors which were producing at a planned loss. Such institutions and enterprises, or some of them, must be taken out of economic circulation. We must produce only in the areas in which we have the means to freely compete in the free market with good results. And we do have such areas and such means.

Hence, this situation came about because of this lack of release, of opening, of encouragement for private initiative, plus indecisiveness, plus the refusal to decide to perform radical surgery in the heavy industry. The fact is that radical measures were not taken to change these things. There is talk of shock therapy, of radical change, and of various formulas for implementing such change. I find none of these formulas capable of resolving the problem.

Success will come only when the Americans and the Japanese will decide to invest dollars and yens in the belief that they can make big profits in Romania.

[Mihaescu] We should have local elections. What do you think, Mr. Ion Ratiu, about this issue which may have been left in the shadow?

[Ratiu] From the government's viewpoint it was natural that this should happen. Since the FSN [National Salvation Front] has the overwhelming majority in Parliament, the government will choose the moment. At present, public opinion is not favorable because it is not impressed with the results of the current government. So the people in power are rather worried by the results that such elections may produce. There may be a surprise, of course if the elections are honest. The other elections, last year, were not honest; as I repeatedly said, there was massive fraud and whole ballot boxes were switched. Otherwise I cannot imagine an 86-percent majority for President Iliescu, although he probably would have won anyway.

[Mihaescu] President Ion Iliescu is criticized as much as the government in connection with the current situation in the country. Do you think that this attitude is justified?

[Ratiu] My reply is the same for both the president and the prime minister. Theoretically, in keeping with the law on the basis of which the elections were held, the president must remain above the parties and represent the entire country. It can be stated that the entire responsibility for the primarily economic failure rests with the government, with Mr. Petre Roman and his colleagues. Thus, theoretically, the president could distance himself from the results of the FSN government. However, the truth is that he did involve himself in national affairs; he personally played a role in the June events, not to mention other occasions. So both are responsible for our current situation, not just one of them.

## YUGOSLAVIA

### REC President's Speech in Croatian Assembly

91BA0569A Zagreb VECERNJI LIST  
in Serbo-Croatian 17 Apr 91 pp 2-3

[Article comprising abridged version of the introductory address of Josip Manolic, president of Croatia's Republic Executive Council, REC: "Never Again a Federation"]

[Text] In the period which is today the subject of this high body's attention, the Republic of Croatia has confronted serious attempts at its destabilization, culminating in attempts to destroy not only its legal and constitutional order, but even its territorial integrity. These attempts go back to the very inauguration of the new democratic government in Croatia last spring, and they were actually prepared back in the time of the old communist regime, when all the weapons of Territorial Defense were captured and taken away from the Republic of Croatia. Those who gave the orders and those who carried out that large-scale operation not only wanted to literally disarm Croatia, but in advance to make it powerless to resist the political and physical pressures threatening not only the democratic government, but even its very survival. As you well know, we have undertaken a number of measures to strengthen not only the foundations of the new democratic government, but also to guarantee the integrity and survival of the Republic of Croatia as a state. The opponents of the democratic government in Croatia, both within the Republic of Croatia and also outside it, have never for a moment been able to reconcile themselves to the changes that have taken place, and so they have gone into action.

#### A Reckless Warmongering Policy

The train of events indicates a constant reckless warmongering policy to which the Croatian state and its entire policy have been exposed. The center of that orchestrated campaign is in Belgrade: both in the official Serbian political circles and also in various other institutions.

Yugoslavia's crisis is made up of two basic factors. The first is the disintegrating system of the planned economy and the one-party communist system. Basically, it has all the characteristics and consequences of the East European countries and the Soviet Union, except that in the East European countries there has been a strong and national element—manifested in the desire to free themselves of the embrace and domination of the Soviet Union.

Yugoslavia's multinational relations are the second factor: with the pronounced and dominant hegemony of Serbia attempting to impose its interests and its view to resolving Yugoslavia's crisis. It started with the bloody crushing of the resistance of the Albanians, which was supported by the Presidency of the state and the League of Communists of Yugoslavia [LCY]—through the forgeries and famous "staff document," with an active role

of the JPA [Yugoslav People's Army]—under whose spread tent cruel atrocities have been committed against the Albanian people by Serbian chauvinists in and out of uniform, in which neither women nor children nor helpless old people were spared. I present these well-known facts above all to note that they would like to apply to Croatia the same scenario followed in executing and realizing the Kosovo crisis. That fact points up two things: Croatia is not Kosovo; there have been changes in the regions occupied by Yugoslavia—there no longer is the LCY directing movements, the Presidency of Yugoslavia is no longer so monolithic as to play every role necessary at the service of Serbian politics. Multiparty elections have been held in Slovenia, Bosnia-Herzegovina, Macedonia, and Croatia, so that the structure of the Yugoslav Presidency is more favorable, and this will have a positive effect toward a democratic outcome of the crisis.

#### The Silent Leadership Is Gone

And—a most important factor—there is no longer a "silent leadership" in Croatia. Sovereign Croatia has risen up here with a new constitution, with its entire government system, including defense forces.

The democratic Croatian government has in no way narrowed the constitutional and legal foundations for Serbs and Croats to live together in Croatia. Through the new constitutional norms, the democratic Croatian government has put all its citizens on an equal footing in their rights and duties and granted all equal guarantees for free and democratic development and life. This government will be building and expanding those foundations in keeping with the achievements of contemporary civilization, with the principles of the international legal system, international conventions, charters, and treaties which democratic Croatia respects and applies in its practice.

However, the democratic Croatian government cannot accept nor tolerate attempts to bring it down by force or undermine it in various treacherous ways. And above all else, it cannot be calm in the face of attempts to destroy the territorial integrity of the Republic of Croatia, carried out by those who are working to destabilize it and thereby, using the sufferings and pain of both the Serbian and non-Serbian nationalities, to realize the insane idea of creating an expanded Serbia, an idea that has come down through all the expansionist plans to date, from Garasanin's "Nacertanije" [Outline] to Draza Mihajlovic's plan and the so-called Memorandum of the Serbian Academy of Sciences and Arts.

#### The Serbian Expansionist Plan That Is Under Way

Those are plans on the basis of which the Serbs in Croatia are being pushed into fatal escapades to break up Croatia, to break up the historical foundations of the life of Serbs and Croats together in the regions of the former Vojna Krajina (Military District). Those are plans on the basis of which the phantom Serbian Autonomous Region [SAO] of the Krajina was first proclaimed and then

supposedly seceded from Croatia. The fact that the National Assembly of the Republic of Serbia recently took under consideration those quasi-decisions of the Knin and Korenica terrorist groups demonstrates as clear as day the kind of serious challenges we face and the momentum that the plan for an expanded Serbia has taken on, threatening not only the peaceful and democratic outcome of the Yugoslav political and governmental crisis, but also the peaceful existence of the Croatian and Serbian nationalities, and then also of the other nationalities on this soil.

Every day we get more and more evidence that that group of terrorists and adventurers does not represent the Serbian people in Croatia, but that they are only a paw stretched out not only against Croatia, but also against the democratically disposed Serbs within it, against the majority of the peaceful and reasonable citizens of Serbian nationality.

From this place and on this occasion, I would appeal to all the Serbs in Croatia to join in this policy of democratic Croatia to build their common homeland together with Croats, to preserve their integrity and its peaceful development and prosperity. I would also inform them that the democratic Croatian Government has not in its constitutional and legal enactments shut off the process of democratic construction and affirmation of anyone, neither individuals nor ethnic groups on the territory of the Croatian state.

We know for certain that the trouble we must now go through was not created by the democratic Government of the Republic of Croatia. It certainly assumes its own responsibility for what it has announced, undertaken, and done so far, and also for what it intends to do, with your approval and consent.

We have offered the program of confederation or separation as a possibility for a realistic way out of the all-encompassing government crisis, we are convinced that any other way would be a pure illusion, and would lead to new entanglements.

### **Confederation or Separation**

We put confederation first in our offer! We said: Let us first try to create a confederal alliance of sovereign republics, and if that should not be possible—then let us part ways peacefully and democratically and each set out on our own road!

We learned long ago that it would be an illusion to believe that a federation would resolve any internal issue. We learned that within the framework of any adjusted or refurbished federation its nationalities would continue to wrestle with one another to the detriment of all of them. We have learned, and, I repeat, have verified through experience, that only an alliance of sovereign republics could provide the occasion for all the nationalities and ethnic groups within them to feel freer and more independent, for everyone to feel that he is truly in his own home. In preparing that draft, we took into

account, and we certainly continue to take into account, international factors, the disposition of the world public and influential world centers, which are following closely the events in our region and which—quite naturally—cannot give up their own responsibilities for the world's global and regional events.

In short, in proposing confederation or an alliance of sovereign republics as the governmental and legal framework for resolving the crisis of the Yugoslav state, we did, then, pay strict account to domestic and foreign factors, aware that a confederal framework offers the opportunity to both factors, and us among them, to maintain those organic links which bind together sovereign and independent nations continentally, regionally, or subregionally in the spheres of the economy, transportation, the environment, and so on, and in their vital needs. At the same time, that framework offers an opportunity for real construction and reinforcement of the sovereign rights of each nation to its own road and its own political, social, and cultural organization.

All the political, sentimental, and ideological frameworks of what is called Yugoslav linkage have long ago been compromised and have rotted, at least as far as the Croatian people are concerned. That is why it is our assessment that we need to take a different road, and the Croatian people has likewise accepted that road.

### **Attitude Toward the FEC [Federal Executive Council]**

And finally, our attitude toward the FEC.

The chatter, which has even taken on rather serious tones in the news media, about an agreement between Dr. Tudjman, Croatian president, and Mr. Milosevic, Serbian president, to bring down Prime Minister Markovic—I must say that our approach on this issue is different.

We judge the FEC according to the degree of its commitment to carrying out the processes of reform on this soil (not narrowly confined to economic reforms), and above all political and democratic reforms. Cooperation with the FEC over these nine months of the existence of the new democratic government in Croatia has not on the whole been satisfactory. On the contrary, we have perceived certain areas of responsibility to be pillboxes from which we were showered with arrows of hatred and lack of understanding, aimed against everything that is democratic and Croatian.

That especially applies to the Federal Secretariat for National Defense in the well-known activities of disarming the Territorial Defense of Croatia, the permanent greater or lesser alert of units of the JPA, the impermissible activity of the counterintelligence services, from eavesdropping on individuals and official representatives of the new democratic government, the secret shooting and broadcasting of faked films, to the holding of faked court trials, all under the motto of preserving "constitutionality and legality," but in actuality in violation of constitutional and legal norms.



We cannot be satisfied either with the actions or with the proportional representation in the Federal Secretariat for Foreign Affairs and the diplomatic and consular corps. The affair of the purchase of arms in Hungary for our authorities to use in arming police forces is still fresh; instead of praising the Hungarian Government for the support which it gave to the young democratic republic, when it became clear as day that this was a legal purchase of arms and when the government assumed responsibility for that purchase, the Federal Secretariat for Foreign Affairs lodged a protest and accusations against the Hungarian Government and its institutions and thereby has aggravated relations with a friendly neighboring state.

#### The Question of Bringing Down Markovic

The actions and practice in monetary policy have been detrimental to our interests. For the sake of objectivity, we must say that a few days ago the FEC publicly condemned the terrorism of the Serbian extremists who are hindering the normal functioning of government institutions. But we could list a number of things with which we are not satisfied concerning the FEC. It would not be objective for us to attribute all the troubles in the actions of the FEC and all their consequences personally to Prime Minister Markovic and his ministers who are from Croatia. But they must take some of the responsibility.

In view of all that has been said, the central issue for us is not whether to bring down Prime Minister Markovic or not. The main issue for us is how to take a more organized stance concerning the creation and conduct of policy at the level of the FEC and federal institutions. So that it is a reflection of the democratic changes which we have made and so that it serves to protect the objective interest of the Republic of Croatia. In that context, there is a need for both changes and replenishment of personnel in other federal institutions as well, from the Constitutional Court, the Economic Chamber, the National Bank of Yugoslavia, to a number of areas which still exist and so long as they exist.

There are two reasons why we cannot reach an agreement with the FEC on the 11 + 3 formula. That formula does not apply in all the republics, and that formula calls for amending 11 laws, but their amendment signifies greater authority for federal bodies and agencies or even an attempt to legalize after the fact some of the moves that have been made by certain bodies and agencies (the Law on Nationwide Defense), which once again are out of step with the democratic achievements.

There can be an agreement on a temporary solution to finance a restricted number of necessary functions in view of the fact that certain organisms such as the Army, diplomacy, the Social Accounting Service cannot be reorganized overnight. When it comes to resolving these problems, we have been quite definite and clear in our views. We have let it be known that we will not honor indebtedness when we did not take part in contracting it.

#### Croatian Assembly on Serbian Assembly Declaration

91BA0569B Zagreb VECERNJI LIST  
in Serbo-Croatian 17 Apr 91 p 3

[Declaration of the Assembly of the Republic of Croatia: "Declaration Denouncing the Right of the National Assembly of the Republic of Serbia To Intervene in the Internal Affairs of the Republic of Croatia"]

[Text] 1. The Declaration of the National Assembly of the Republic of Serbia alleging that government authorities in the Republic of Croatia are using violence against the Serbian people is based on arbitrary and untruthful assertions.

In Titova Korenica Opstina and Plitvice, Pakrac, and other places on the territory of the Republic of Croatia, in which government agencies of the Republic of Croatia have effectively reestablished public order and peace, violence was not used against the "interest of the Serbian people," but against terrorist individuals and groups who, in violation of the legal order of the Republic of Croatia, have been hindering the peaceful life of its citizens.

2. The Republic of Croatia will resolutely suppress attacks on its legal order with all the means of a law-governed state that stand at its disposition.

Through the hindering of the movement of persons and things, through the demolition of railroad lines, through armed robbery, banditry, and even murders and other criminal activity, terror in certain parts of the Republic of Croatia has taken on such proportions that it can no longer be tolerated either by Croats or all its other citizens. The entire civilized world is horrified by that terror.

Those who initiated the idea, those who actually set it in motion, and those who actually carried out this violent crime are offshoots of the policy of Serbian expansionism, conquest, and hegemonistic unitarism, whose pivot is in the capital, Belgrade, which the declaration referred to obviously confirms. The immediate goal of that policy is to bring down the democratically established legal order in the Republic of Croatia and its lawfully elected governmental bodies, and to create an expanded Serbia at the expense of all the other republics and autonomous provinces, but particularly at the expense of the Republic of Croatia.

3. The Declaration of the National Assembly of the Republic of Serbia is an attempt to offer legality and legitimacy to the imagined and so-called SAO [Serbian Autonomous Region] Krajina and the unconstitutional, unlawful, and legally nonexistent creation and its bodies.

That creation sprang up as a result of the separatist policy of a very narrow and extremely militant segment of the Serbian population in Croatia, and it represents the most flagrant and most highly organized attack on the sovereignty and territorial integrity of the Republic

of Croatia, for which the Serbian Democratic Party [SDS] bears a large part of the responsibility.

The majority of the Serbian population in Croatia, however, is loyal to the Republic of Croatia as its homeland and honors its democratically elected government bodies.

4. The Declaration of the National Assembly of the Republic of Serbia is an unacceptable act of interference in the internal affairs of the Republic of Croatia in the context of the law between states. It attempts not only to equate the lawful activity of the police forces of the Republic of Croatia with the terrorist activity of individuals and groups, but, still more absurd, it attempts to define the manner in which the police forces of the Republic of Croatia must behave.

5. Although it was enacted by the Assembly as a representative body of its citizens, the Declaration of the National Assembly of the Republic of Serbia is directed only toward the interests of the Serbian nationality, and it thereby deliberately neglects the interests of Croats, Albanians, Hungarians, and all others who live in the Republic of Serbia.

At the same time, the National Assembly of the Republic of Serbia appropriates to itself, without any basis whatsoever, the right to speak on behalf of the entire Serbian nationality, including those Serbs who have never lived in Serbia. No nationality, and therefore not the Serbian nationality either, can demand that it live entirely within one state because that is to deny other nationalities that same right. The Serbian nationality has its own state, and that is the Republic of Serbia.

6. The Declaration of the National Assembly of the Republic of Serbia is founded on territorial claims against Croatia.

In view of that, should the issue of internal borders be raised, Croatia adheres to its right to demand total Croatian ethnic and historical territory.

7. The Declaration of the National Assembly of the Republic of Serbia openly appeals to the Yugoslav People's Army [JPA] and the so-called staff of the Supreme Command of the Armed Forces of the SFRY to intervene, although the SFRY Presidency and JPA, recognizing the legally elected government in the republics, have declared unambiguously and repeatedly that the JPA will not interfere in the resolution of the Yugoslav governmental and constitutional crisis.

That declaration, then, is militant in its spirit and its message.

8. The Republic of Croatia, adhering to the principles and goals of the Resolution on Adoption of Proceedings for Dissolving the SFRY and on Possible Association in an Alliance of Sovereign Republics, which the Assembly of the Republic of Croatia adopted on 21 February 1991, will in fact carry out that procedure, protecting its sovereignty and its interests.

9. In view of the fact that the Republic of Croatia is a sovereign and democratic state in which all its citizens, including members of the Serbian nationality, are guaranteed all ethnic, civil, and other human rights, and also in view of the fact that the Declaration of the National Assembly of the Republic of Serbia is based on untruths, militarism, and Serbian expansionism, the Assembly of the Republic of Croatia, judging it to be an act of intervention of the Republic of Serbia in the internal affairs of the Republic of Croatia, rejects it in its entirety.

10. This declaration is to be published in *NARODNE NOVINE*, the official gazette of the Republic of Croatia and delivered to the assemblies of all the Yugoslav republics and provinces.

#### **Amendment to Croatian Assembly Declaration**

*91BA0569C Split SLOBODNA DALMACIJA  
in Serbo-Croatian 18 Apr 91 p 2*

[Text] Following yesterday's debate in the Croatian Assembly concerning the political situation in Croatia, the deputies today voted on amendments to the proposed Declaration Denouncing the Right of the National Assembly of the Republic of Serbia To Intervene in the Internal Affairs of the Republic of Croatia.

An adopted amendment has changed the name of the declaration, so that the name of the document now reads: Declaration Condemning the National Assembly of the Republic of Serbia for Interfering in the Internal Affairs of the Republic of Croatia.

The first paragraph of Point 3 is amended to read as follows: The Declaration of the National Assembly of the Republic of Serbia attempts to offer legality and legitimacy to an invented, unconstitutional, illegal, and legally nonexistent creation and its bodies.

In the second paragraph of Point 3, the words "That creation sprang up as a result of the separatist policy of a very narrow and extremely militant segment of the Serbian population in Croatia" are to be replaced by the words "An attempt at administrative organization of several Croatian opstinas contrary to the constitutional and legal order of the Republic of Croatia."

Following Point 9, a new Point 10 is added to the declaration to read as follows: Pursuant to the Paris Charter of November 1990, the Assembly of the Republic of Croatia calls upon the National Assembly of the Republic of Serbia to join in constructive cooperation to the benefit of the citizens of both republics.

#### **Reaction to FEC Measures in Kosovo**

*91BA0569D Belgrade BORBA in Serbo-Croatian  
22 Apr 91 p 4*

[Article by M. Antic: "Kosovo: Ethnic Exclusiveness"]

[Text] In Kosovo and Metohija, there have been no official statements and comments on the measure which Ante Markovic presented in his detailed report in the

SFRY Assembly. Neither in political circles, although the portion of the address pertaining to Kosmet did contain political assessments, nor among economists, because the time is short for all of them, and, from what we have heard, that section is "full of surprises."

In the Democratic Alliance of Kosovo, so we have been told, they still have not managed to talk about this, but they will be saying what they think in an official statement. We were not able over the weekend to find representatives of the other political parties, but two people with whom we talked, who from the outset agreed to comment on parts of the report, were Milos Simovic, provincial secretary for finance, and Skelzen Malici, president of the Social Democratic Party of Albanians in Kosovo.

Milos Simovic: "Since the end of 1989, the dinar has been devalued by more than 100 percent. Pegging it to the convertible exchange rate of the mark is unrealistic, and it is still more absurd for us to proclaim it convertible after every devaluation. It is asserted that the government program has complete international support, but there is a question of whether that is all right when there is no support from the national economies. Unfortunately, we still do not know whether it is possible for us to have one unified economy, so that we could then speak about international support for that economy. Judging by what has happened so far from an economic standpoint, this country was an experiment of the IMF even during the governments of Branko Mikulic and Milka Planinc, and that is also the case now during the government of Ante Markovic. It is not true that dinar convertibility can be established by establishing a fixed ratio between the mark and the dinar. That would be possible only in the case of there being a unified currency area including Germany and Yugoslavia. It is still clearer that devaluation does not halt inflation, as was asserted in justifying these measures. To be sure, they can stimulate exports, though only negligibly, and I

assert once again that all the statements to the effect that the dinar is convertible are pure deception. This can happen only through an increase in production and exports."

Simovic also believes that these measures of the FEC [Federal Executive Council], as far as the economy of Kosmet is concerned, will not have any significant effects because enterprises are impoverished, and it is well-known that productivity has been declining as much as 30 percent because of the obstruction in production, and it has become impossible to export for reasons which are well-known.

Skelzen Malici: "On the question of Kosovo, the federal government has so far made many compromises and avoided an open statement of position. In his recent address, Prime Minister Ante Markovic made the first realistic assessment with which I can agree in many respects. I only think that it came too late, when many things cannot be corrected. I am personally gratified that the address particularly emphasized, so I understand, the constructive role of the 'opposition parties' in maintaining relative peace in Kosovo, although the prime minister awkwardly included us in the same sentence and put us on the same plane with the 'activity of the repressive authorities.' After all, it is true that the Albanian opposition parties in Kosovo are in opposition only to the police. I do not know what the federal government can really change in Kosovo following this report to restore constitutional order and the functions of certain authorities in Kosovo. It seems to me, I repeat, and I would like not to be right, that all of this has come too late because certain other topics and divisions are on the agenda. The tardy reaction to the tragic situation can result in a tragicomic situation."

In conclusion, Malici stated that in principle he has up to now supported all the economic measures of of Ante Markovic's government, and so he will do so even now.



**CZECHOSLOVAKIA****Soldiers Sworn In for UN Rapid Deployment Force**

*LD2904101691 Prague Domestic Service in Czech  
0200 GMT 29 Apr 91*

[Text] The units of the rapid deployment battalion of the United Nations peacekeeping forces was sworn in at

Cesky Krumlov yesterday. The boys in blue berets are at the disposal of the United Nations Security Council which will decide about their deployment should the necessity arise.

The selection of soldiers for this unit has been made on a voluntary basis.

## CZECHOSLOVAKIA

### Finance Minister on Economic Reforms

AU2204150791 Hamburg DER SPIEGEL in German  
22 Apr 91 pp 149-158

[Interview with Finance Minister Vaclav Klaus by Walter Knips and Martin Pollack; place and date not given: "I Am Always an Optimist"]

[Text] [DER SPIEGEL] Mr. Klaus, you want to introduce a market economy without an adjective in the CSFR—that is, a market economy that is not distorted by the adjective "social." Do you not consider it necessary to take socially weak people into consideration?

[Klaus] This is a misunderstanding. If we use the term market economy without an adjective in the CSFR, this does not mean that we are unsocial, that we do not want to help the socially weak. We want to make clear that we do not like a mixed system of market and plan, as was promoted by the CSSR reformers around Ota Sik in the 1960's. We reject looking for an optimum mixture of elements of the market economy and the planned economy, because such a mixture does not exist.

[DER SPIEGEL] Are Anglo-Saxon conservatives, such as Mrs. Thatcher, with her demand for a pure market economy, closer to you than the Germans with their model of the social market economy?

[Klaus] I have good contacts with Margaret Thatcher and I am on her side of the barricades in the struggle against the socialist ideology. However, the Germans with their social market economy are probably not on the other side of the barricades, either. I do not want to discuss the history of dogmas here, but the German economy today is no longer what the advocates of the social market economy envisaged at the beginning of the 1950's.

[DER SPIEGEL] In Poland and Hungary the economic reforms were initiated considerably earlier than in your country. Have you been able to learn from the experiences of these countries?

[Klaus] I do not want to seem too arrogant, but all of my professional life I have studied the literature on economic systems, in particular on their transformation into other systems. I have dealt with hundreds of examples. The experiences of the Poles and Hungarians over the past few years were certainly not the most important sources for working out our reform concept.

[DER SPIEGEL] It seems to us that you want to choose a middle road between the giant leaps of the Poles and the tiny steps of the Hungarians.

[Klaus] No, we are proceeding faster than Poland and Hungary. Even though we started our reform as late as December 1989—at a time when the Poles and the Hungarians were already in the process of transforming their economies—over the past 15 months we have done more than the others.

[DER SPIEGEL] Have you already overtaken the Polish and Hungarian reformers?

[Klaus] I do not want to compare the level of reforms achieved in the CSFR, in Hungary, and in Poland today. But it seems to me that the speed of reforms in our country is higher.

[DER SPIEGEL] Compared with the reformers in other former East Bloc countries, you had a rather good starting position: Your country has a long industrial tradition, foreign debts are low, and the koruna was relatively stable. Are things not much easier for you than for your colleagues in the other reform countries?

[Klaus] Easier and more difficult at the same time. On the one hand, the relatively good starting position certainly raises our prospects of success. On the other hand, however, it weakens the pressure for reforms. Every day we have to struggle against some people claiming that the economic system could also be changed gradually.

[DER SPIEGEL] Thus, you think that the old system has to be destroyed as quickly as possible?

[Klaus] Yes, there is no chance of changing the old system in the spirit of perestroika—that is, bit by bit. We know very well: The quicker we act, the better our prospects of victory.

[DER SPIEGEL] In contrast to Poland and Hungary, where there were always small private companies under the Communists, everything was completely nationalized in the CSFR—down to the smallest shop. Where are you now finding the people who want to accept the risks of an entrepreneur?

[Klaus] In every one of us there is a homo economicus, no matter whether he lives in Germany, Poland, or in the CSFR. One only has to eliminate various obstacles. Then the people can rediscover their deeply hidden instincts.

[DER SPIEGEL] Is not the homo sovieticus—the type used to socialist sloppiness—also deeply rooted in some of your fellow citizens?

[Klaus] The homo sovieticus is not a real prototype. It will die out if the people get a chance to look for their own economic advantage.

[DER SPIEGEL] In an economy in which there is still no competition, deregulation of prices causes a wave of inflation. The Poles experienced that at the beginning of 1990....

[Klaus] Yes, but what should I say about that?

[DER SPIEGEL] Was it not a mistake that at the beginning of the year you lifted state control over almost all prices, but permitted the monopolistic structure of industry and trade to remain in existence?

[Klaus] No. It is not possible to undertake the radical transformation of the economy as a sophisticatedly coordinated sequence of reform steps. One year ago I did

claim the opposite in my lectures, but in the meantime I have realized that this was wishful thinking.

[DER SPIEGEL] Thus, the transition from planned economy to market economy cannot be controlled?

[Klaus] This is as impossible as a controlled economy. If I learned one lesson last year it was the following: There is no one somewhere up in the clouds who can press the keys of a computer to release reform step number one, reform step number two, etc. Unfortunately, this is impossible. The reform process has its own dynamism. At one time this process is determined more by the trade unions, at another time it is determined more by our partners in the Soviet Union. At one time the parliament plays an important role, at another time it is the Czech or the Slovak Government. One simply cannot control this complicated social process.

[DER SPIEGEL] You trust that the market will solve everything at some time in the future?

[Klaus] Yes. We are not able to take such steps as demonopolization without first deregulating prices. Unfortunately, this is not possible. On the one hand, the monopolistic market structure partly caused the dramatic increase of prices after the liberalization, while on the other hand, this price hike ensures that pressure for the abolition of the monopolies mounts. New, small private companies are developing, which are asking for lower prices than the large state enterprises and are thus undermining the monopolistic structure.

[DER SPIEGEL] However, privatization is proceeding very slowly. Did you not hope that this would happen much more quickly?

[Klaus] Over the past decades we have had no chance to start any private initiative. How can this change overnight? Accepting private risks is such a dramatic change in life! This needs time. In this respect I am really not impatient. Privatization is proceeding at its own pace.

[DER SPIEGEL] Among former East Bloc countries the CSFR alone has decided to return property that was seized after the Communists assumed power to its former owners or their heirs. Will this not drag out the privatization process forever?

[Klaus] Yes, privatization is delayed by that. However, we have a restitution law, which I have to accept. I have to accept the fact that this limits the speed of our reform—unfortunately.

[DER SPIEGEL] Critics make the accusation that your reform concept is much too simple for such a complicated process as the transformation of a command economy into a market economy. There is no structural program for industry, there are no ideas about how the economy can be modernized, they say. Do you think that structural measures are superfluous?

[Klaus] Our predecessors pursued a structural policy for industry for 40 years—and the result is known. We really do not want to continue that. In reality, these people who

are now calling for structural measures want to keep the command economy. They only want to give new names to the old measures.

[DER SPIEGEL] The Slovaks demand more powers in economic policy than you want to give them. They have even demanded their own national bank. Does this conflict endanger the process of reforms?

[Klaus] This is, indeed, a complication for the reform process. Some of our decisions are not taken as quickly as would be possible without this quarrel. But I am always an optimist. I hope that we will find a positive solution.

[DER SPIEGEL] Would you accept it if the Slovaks got their own national bank?

[Klaus] No, this is something that I would not agree to. By the way, the Slovaks have studied the former German national bank system, the bank of the German laender, before they made their demand for their own central bank.

[DER SPIEGEL] Is there a danger of the CSFR breaking up as a result of the nationality conflict between the Czechs and Slovaks?

[Klaus] I must admit that this danger exists. But I am an optimist. I always say: My wife is Slovak. We are an example of the federation; we have been demonstrating for 25 years that coexistence is possible.

[DER SPIEGEL] The Civic Forum—the movement that carried the revolution—has meanwhile split into several groups....

[Klaus] Into two.

[DER SPIEGEL] ....that are struggling against each other. Is this not a further obstacle to the reform process?

[Klaus] Quite the contrary. This is an advantage for the reform process.

[DER SPIEGEL] Why?

[Klaus] The old Civic Forum was not a political party, not a real political institution. It was only an umbrella organization, which united all those who opposed the old regime on 17 November 1989. This was important for the first stage of the revolution. The various groups in the Civic Forum had such widely different views that it was really impossible to work together for one more day.

[DER SPIEGEL] Thus, you are glad that you were able to cut off the left wing of the Civic Forum?

[Klaus] It was not us who separated from the leftists, but they who separated from us. I could still be the chairman of the entire Civic Forum, but for these leftist people that was not acceptable. The separation is a relief for us all.

[DER SPIEGEL] Did you not hurt yourself, Mr. Klaus, when you, together with the Poles and the Hungarians, demanded as quick an end as possible to the CEMA and a transition from the transfer ruble to the dollar in trade

with the Soviet Union? Because now the Soviets hardly buy anything from CSFR enterprises anymore.

[Klaus] It was not us but the Soviets who brought about the quick end of the CEMA. The Soviets proposed dividing foreign trade into trade with hard goods and trade with soft goods. For the hard goods that they sold to us....

[DER SPIEGEL] ....that is crude oil, natural gas, and other raw materials, which can be sold on the world market for hard currency....

[Klaus] ...they wanted dollars. For the soft goods that we are delivering to the Soviets....

[DER SPIEGEL] ...machinery and other finished products, which cannot be sold to the West because of their low quality....

[Klaus] ....they wanted to go on paying us with transfer rubles. Of course, we rejected this. How could we have paid for natural gas from the Soviet Union with dollars if we received only rubles for our exports of machines? Therefore, our entire foreign trade with the Soviets was changed to dollars.

[DER SPIEGEL] The unification of Germany also eliminated a large part of the east German market for CSFR exporters. Do you feel you have been treated unfairly by the Germans?

[Klaus] Yes, to a certain extent. When we discussed the matter with the Bonn government before unification, we were told by everyone: Wait and see, we will easily solve the problems that arise for you from unification. However, after one year we have not seen any success from any kind of efforts.

[DER SPIEGEL] There are voices that say: Since unification the Germans have been dealing only with their own matters. They are not getting sufficiently involved in the East Europe reform countries. Is this your view, too?

[Klaus] I have always stressed that we must rely on our own strength first and foremost. Help from abroad and cooperation with other countries can only be a supplementary factor—nothing more. I must accept that at the moment the Germans are primarily busy with solving the problems in east Germany. In the short term, because of the dramatic sales crisis in our country it is more important, anyway, to sell our goods to Germany than to get investment capital from there.

[DER SPIEGEL] Mr. Klaus, you are considered the strongman in the CSFR Government and, above all in the West, as a guarantor for a consistent reform process. Will you run as candidate for the office of prime minister in the next elections?

[Klaus] This is an unimportant question for me. We have much to do in the CSFR, in particular in the field of the economy. I think that my role there is more important

than in other spheres. However, I do not want to make an assessment too early before the next elections.

[DER SPIEGEL] Mr. Klaus, thank you for this interview.

### **Commercial Bank's First Year Evaluated**

91CH0446D Prague HOSPODARSKE NOVINY  
in Czech 29 Feb 91 p 3

[Interview with Eng. Jan Velk, general manager of the Commercial Bank, by Marta Svecova; place and date not given: "From the Life of Prague City, This Time 28 Na Prikope Street"]

[Text] One year ago, the Commercial Bank became one of the successor financial institutions to the SBCS [Czechoslovak State Bank]. Without exaggerating, one could say that it is more like a "banking house" among the newly founded banking institutions. This is demonstrated by more than just a staff of over 8,000 employees, a wide network of branches, and the rather substantial liabilities and claims that it assumed. The statutory fund is also not insignificant, it amounts to roughly 3 billion Czech korunas. Therefore it is quite appropriate to ask how this important banking institution contributed to the transformation of our economy. It is possible to put together a mosaic of relatively serious problems, which the newly emerging market economy is encountering, from the various aspects mentioned by the General Manager of the Commercial Bank, Eng. Jan Velk.

[Svecova] Mr. Velk, your bank has now been in existence for one year. To what extent have you fulfilled your aims, and how have you helped the reform?

[Velk] At the beginning of 1990, we practically inherited the credit and accounting sector from the SBCS; above all, we assumed a substantial portion of the investments and credit lines provided to our organizations. Our aim was to become a general bank, and we obtained a license for this. We tried to realize this task throughout the year, and we developed new banking services in addition to the standard activities. We were primarily aiming to become a deposit bank, so as to have a basis for further development of our credit activities, and we attempted to expand our activities abroad.

[Svecova] How successful were you?

[Velk] Naturally the successes varied. As far as establishing our own deposit activities is concerned, we took a firm step forward by expanding the bank's products, primarily in respect to debentures, various kinds of futures transactions, and certificates of deposit. The aim of all these activities was to become independent of the State Savings Bank, so that we can compete with it. Therefore, throughout the year, we tried to expand our network significantly. We now have 83 branches, and there are 100 external branch offices, including the ones in the process of being set up.

[Svecova] For how many customers do you actually work?



[Velk] In January we had 180 thousand customers and we were working with 400,000 Czech koruna accounts and 130 foreign currency accounts, and we hold a further 60 thousand accounts for other banks (specifically for the Investment Bank) because they do not have their own network of payment and accounting contacts. Admittedly, they consider this to be a loss (for example, the Investment Bank did not inherit a delimitation of its own payments network), but for us it is also a loss to some extent, because these services bring practically no profit.

[Svecova] A very sensitive topic, which is disturbing the public, is the insolvency of the enterprises. It is estimated that the sword of Damocles is hanging over about 30 percent of them. But quick restructuring would be necessary and this would need an injection of capital. But where is there a guarantee that the money would always be repaid on time? In addition, there is often not enough money to make payments, and former periodic order inventory credit lines, which are now subjected to commercial interest rates, have almost turned into a disaster. How can we get out of this vicious circle?

[Velk] That is primarily the enterprises' problem. Somehow we do not seem to be able to get rid of the former view that insolvency is the fault of the banks.

[Svecova] But that is a superficial evaluation....

[Velk] It is in our interest to have smooth payment relations; to work with solvent customers so that, in our way, we can help our enterprises, but not in the sense that we assume some kind of responsibility to ensure that every enterprise is solvent. This is the fundamental approach to the matter. The roots of the problem are to be found elsewhere, outside the bank, outside its responsibility to solve it.

[Svecova] It is an ambivalent situation, because not all the enterprises got into difficulties through their own fault. Therefore someone else bears some of the responsibility. You are really entering the game as partners, intermediaries.

[Velk] I would like to mention two ways that would make it possible to find a solution. The first problem is rather technical—if one enterprise owes money to another enterprise, there is a chain of insolvency. The former State Bank dealt with this in the form of so-called mutual crediting of claims and obligations among enterprises. We looked for a way to return to this practice, at least in part. Although it will not solve the original cause of insolvency (because that lies in the negative financial situation, not in the secondary chain), there is at least a chance that mutual crediting will ease the situation slightly. We implemented this type of crediting at the end of last year, and we succeeded in shifting the insolvency to some extent. The overall effect was that insolvency dropped by about 9 billion korunas [Kcs]. We are now preparing other similar actions.

[Svecova] Let us now talk about the basic cause of the problem.

[Velk] The second part of the problem is more serious. It concerns furnishing the enterprises with their own resources. In this area, the problem was often caused by so-called periodic order inventory credit lines, which were really credit lines, which replaced the internal working capital resources of the enterprises that had been drawn off at some time by the state and were replaced by credit through directives.

[Svecova] Couldn't this be solved through some kind of state obligations?

[Velk] Of course it could. That is a matter for the state budget, which does not have many options at this time, and therefore other solutions are being sought. It is clear that banks cannot permanently bear the burden of these "credit-noncredit lines." Banks also have to be freed of their debts so that they can continue to work with normal credit lines in the economic reform. On 1 January 1991, in fact, a part of these credit lines for periodic order inventories, were changed into commercial credit lines under commercial conditions.

[Svecova] But the conditions are harsh....

[Velk] Sometimes they are presented as being harsher than they really are. We have to look for an optimal level for the interest rate, somewhere between the base rate of 16.5 percent and the maximum rate of 24 percent. In our interest policy, we set the principle that we offer private individuals the basic interest rate, entrepreneurs the lower level, that means below 20 percent, and enterprises generally above 20 percent; but it is certainly not a flat rate of 24 percent, as is sometimes stated.

[Svecova] Therefore your contribution to the reform is in the form of helping private entrepreneurs.

[Velk] That is not all; we are trying to operate according to market principles because, by doing so, we bring a specific parametric element into the reform, which is a criterion of efficiency for enterprises. But I would like to return to the periodic order inventory credit lines. The first step was to commercialize them. Whenever this was not possible, which was over half the volume that we provided last year, we provided so-called bridge loans to cover a specific period, during which a definite solution was to be found.

[Svecova] Did this also apply to agricultural cooperatives where the situation is critical....

[Velk] It applied to all enterprises. A solution is being sought—a special commission has been set up in the Federal Finance Ministry, which is studying how to get rid of the debts. It is possible that there will be a positive solution in the near future. It seems that a decisive method could be to transfer the whole block of credit lines to a special institution; this would mean that banks would be free of their debts and a solution could be sought for the enterprises below the threshold of commercial conditions.

(Editorial comment: After this interview was authorized, we discovered that a consolidation bank will be set up as of 1 March 1990 [as published], which will deal with this problem.)

[Svecova] Let us turn our attention to your own problems. As a banker, you are certainly interested in creating resources. You will probably encounter some problems because the deposits from other banks, which you disposed over, will apparently be used in other ways. What actions will you take and what do you expect will happen?

[Velk] We certainly are encountering some problems. There are two possible solutions. The first is to obtain these resources through our own activities, and the second is to develop other banking products, which are not dependent on primary resources and which will simultaneously help to enhance the market of banking services, which is far from saturated in our country. For example, I have in mind the expansion of current accounts, savings deposit accounts, and consultation and brokerage services, including foreign currency operations.

[Svecova] Will this lead to your restructuring your commercial policy from long-term to medium and short-term credit?

[Velk] In regard to the credit market, yes. As far as the banking activity itself is concerned, it will be very diversified. I think that the best description is that there will be a slight cutback on credits, there will be an increase in deposit policies, and there will be an increase in other banking products, including foreign trade activities.

[Svecova] You are entering international financial circles through your activities. You have established new banking partnerships. It seems that a union with the Societe Generale is the focus of attention. Is this decision already a part of the ultimate aim of privatization?

[Velk] Yes, also in the sense that the Societe Generale is a bank that was once nationalized, and it has a lot of experience with the privatization of enterprises in France. On the one hand, it would participate in the privatization processes by brokering offers for French interested parties, and on the other hand, by taking over the provision of credit to some newly created private companies, etc. This will be a great advantage in our privatization process.

[Svecova] But aren't you a minority participant in this partnership? Didn't the initiative come from their side?

[Velk] Yes, but we are not expecting direct advantages from this partnership so much as know-how and banking customs. It will enable us to find contacts not only on the French market, but also on others, because the Societe Generale has an enormous network of branches throughout the world.

[Svecova] Up till now you have been a state financial institute. As far as I know, you are a member of several joint-stock companies—including our a.s. *Economia*. Among them, you own 100 percent of the *All In* company. Therefore how will you proceed in the privatization process?

[Velk] Naturally banks should be privatized very soon; Professor M. Tucek already mentioned this in an interview you had with him. At this time I cannot say whether it will happen in a month, or two, or three, but it will certainly be during this year. A new law is also being drafted, and it, too, should be passed this year, as soon as its turn comes up on the agenda. Our participation in the various companies meant that we gained experience in conditions in which we will find ourselves in time. We tried to choose partners, where we could learn something about the operations of a joint-stock company and where we would simultaneously have some benefits from the participation.

You mentioned a.s. *Economia*. Along with other banks we were looking for a forum where banks could present their problems and opinions and we found it in *HOSPODARSKE NOVINY* and in the *Economia* company. As far as our other companies are concerned, for instance *All In*, which you mentioned, we are naturally trying to behave like other banks in Europe and create a chain of associated companies. At this time, a Czechoslovak-Austrian partnership is being established for leasing and commercial services. We, our *All In* company, the Austrian *Creditanstalt Bank*, and its leasing company are all participants. This partnership should fill a relatively large gap in the banking services market.

[Svecova] I also believe that, in our situation, these services were underrated. Now, considering the lack of financial resources, they will be in high demand. Let us turn our attention to new forms of financial products. You mentioned certificates of deposit and bonds several times. I would like to pause and take a detailed look at the issue of one billion bonds, which started in July last year. Apparently you were successful. At the time of issue (at 8 percent interest) they were attractive and provided an incentive. Now the interest rates are changing. But has any thought been given to the fact that they may be undervalued. After all, when bonds are purchased, the utilization of the money is suspended for five years and appropriate incentives should be provided. How do you intend to increase their attractiveness compared to, for instance, the interest on time deposits at a savings bank, which bear 17 percent at this time, and tie up the money for only two years? You probably cannot raise the interest above 23 percent, though the 25-percent tax would require this. Are there any steps that can be taken to lower this tax?

[Velk] I will start with your last comment. We probably cannot lower the tax because it is a new fiscal element. The tax on bonds is a measure that was introduced recently, and it was rather a blow below the belt. In this sense, I believe that it is a demotivating and somewhat

discriminatory measure for this kind of investment activity. This does not mean that I am suggesting that citizens' deposits at savings banks should be taxed, but I do think it was a rather unfortunate step. On the other hand, of course, the action was successful. A part of the success lay in the fact that we introduced these kind of securities onto our market, that we were the first, and that people learned to calculate in a specific way. In other words, they learned to calculate what kind of investment was most advantageous for them. I consider this to be a benefit that cannot be evaluated in terms of money.

[Svecova] It was a kind of citizens' support for the reform....

[Velk] And, apart from that, we raised the interest rate to the present 23 percent in conjunction with the prepared taxation, and in conjunction with a specific shift in the price of resources. So it is almost the most advantageous rate for long-term investments. But these measures are disadvantageous for us.

[Svecova] Basically, you cannot continue to issue additional long-term bonds and will have to go over to shorter ones.

[Velk] It would be difficult, and this applies to any other banking institution. By raising the interest we want to express our thanks to people who trusted us and bought securities. We do not want the bonds to be disadvantageous compared with other kinds of investments, whatever it may cost us....

In brief, we would like to issue only shorter-term securities, and also to develop other forms so that the money will turn over more quickly. We found one form in certificates of deposit, which are short-term, at most nine-month, securities investments. We believe this to be an advantageous form of saving.

[Svecova] We have no stock exchange yet. If someone needs to change securities into ready cash immediately, can he turn to you?

[Velk] We act as broker both for the purchase and for the sale of securities, including our bonds. We do not buy them back, but we do act as broker for their purchase or sale.

[Svecova] One of your activities is also ensuring currency exchange services. How did you deal with the famous run on the purchase of foreign currency at the beginning of the year? I myself used your services, and it turned out that in some Prague branches you had an abundant supply of the necessary range of currencies. How many customers do you satisfy?

[Velk] It was not as bad as we expected. The demand was mainly concentrated on the Zivnobanka. During the first week we served 10,000 citizens in the sale of foreign currency resources amounting to more than \$719,000.

[Svecova] This time in our interview from the Prague banking world, we stopped at Na Prikope No. 28. What will it be like next year? Do you intend to expand?

[Velk] Last year we bought the building of the former discount bank on the other side of the street, at Na Prikope No. 33. It is now being renovated. I believe that when you return in a year's time, you will find our management offices there.

### **BSN, Nestle To Take Over Major Food Company**

*AU2804142591 Prague HOSPODARSKE NOVINY in Czech 23 Apr 91 p 1*

[Article by Borek Homola: "The French in 'Cokoladovny'? Foreign Concerns Enter the Czechoslovak Food Industry"]

[Excerpts] There was a great deal of talk about Czechoslovakia in business circles in Paris last week. The reason was important and symbolic. The French food giant BSN, in cooperation with the Swiss (or, more accurately, multinational) Nestle concern, have reached agreement on cooperation with the Czechoslovak Cokoladovny shareholding company.

A letter of intent, that is, a preliminary agreement, has been signed already. BSN President Antoine Ribaud was in Prague and the only thing that remains to be done is the approval of the law on big privatization.

Business circles in Paris attach great importance to the deal. LA TRIBUNE DE L'EXPANSION even wrote that this will be the first entry by Western concerns into a Central European food company of such size. The Cokoladovny shareholding company produces, among other things, 67,000 tonnes of biscuits and wafers (the equivalent of the output of the French Lu company), 42,000 tonnes of chocolate (which is equivalent to the amount of chocolate produced by Nestle in Switzerland), and 38,000 tonnes of candy. Its annual turnover is 4.3 billion korunas, which is around 800 million French francs at the current rate of exchange. [passage omitted]

French businessmen take seriously their defeat in the contest for the Skoda car factory in Mlada Boleslav and the planned entry into one of the largest Czechoslovak food industry companies is a certain satisfaction for them.

As for the BSN's tieup with Nestle, the financial stake of both concerns in Cokoladovny is to be equal but BSN should be in charge of operational management.

### **Air Transport Agreement Signed With Israel**

*AU2604121291 Prague CTK in English 2029 GMT 24 Apr 91*

[Text] Jerusalem April 24 (CTK)—Czechoslovak Minister of Transport Jiri Nezval and Israeli Foreign Minister David Levy signed here today a bilateral agreement on air transport which provides for direct flights between Prague and Tel Aviv.

Czechoslovak Airlines will launch its first direct flight to Tel Aviv on June 22 with the Tupolev 154 aircraft, and the first Boeing 757 of the Israeli airline El Al will land in Prague on June 24.

### Steel Situation, Future Policy Examined

91CH0476E Prague HOSPODARSKE NOVINY  
in Czech 21 Mar 91 p 4

[Article including interview with I. Zadny, Federal Ministry of Economy, by Dagmar Truncova: "Steel, the World and We"]

[Text] Is there enough steel, or too little? Does it pay to make steel? Is it efficient to export steel?

These and other questions occupy steelmakers today, not only in our country but worldwide, both in the West and the East. In the West, of course, the steel industry's problems have been solved to a large extent. In the East, their solution is just beginning.

The problem is that the West, when it started to restructure its steel industry, could afford to do so. The countries of East Europe find themselves in a far more troublesome situation today. Yet, one problem has remained also for the West: the persistent excess of steelmaking capacity.

### Excess Capacity 20 Percent

Despite all the restructuring efforts to date, worldwide the steel industry has excess capacity that experts estimate at 20 percent. Total capacity of the world's steel plants at the end of the 1980's was estimated at 950 million metric tons, but only 85 percent of that capacity was utilized on average. By the end of the 1990's, therefore, the EC countries would like to reduce their steelmaking capacity to 142 million metric tons; the United States, to 90 million; and Japan, to less than 130 million metric tons. Among the countries of West Europe, also Spain, Sweden, and Austria are planning further cuts in their steel production. On the other hand, mainly Brazil, China, Mexico, Algeria, Nigeria, Libya, Iran, India, South Korea, and Taiwan are expecting increases in their capacity.

### Who Is Selling Steel, and How

The excess capacity is the direct cause of the weakening demand for steel. World trade in steel industry products is declining. Not so long ago the volume of world trade in steel industry products was roughly 170 million metric tons, i.e., one-fifth of world production. The EC countries as a group, Japan, Brazil, and the USSR headed the league table of the world's steel exporters, with South Korea ranking fifth. But the EC countries rank first only if their export to countries outside the Community is added to their mutual trade inside the Community. The net export of the "twelve" has remained stable for years, at about 20 million metric tons a year. Within the EC there is a pronounced tendency to sell mainly products of a high degree of fabrication, produced with the most

modern technology. The Community is also a big importer of steel industry products (about 12 million metric tons in 1990).

Japan, the largest single exporter of steel, has for several years been having trouble marketing its products. In 1989 it still exported 20.1 million metric tons, but barely 17 million last year. (Five years ago it was exporting more than 30 million metric tons.) The main cause of this decline is that China, Japan's principal market for steel, has been buying less. Shipments to the USSR have likewise declined. Japan, like the EC countries, offers a very wide assortment of steels (about 40 different kinds), in which products of high quality predominate. Of course, Japan also imports steel, mainly from South Korea and Brazil (about 10 million metric tons a year).

Brazil, another large exporter, gained its position in the world market mainly as a result of its relatively low prices. The same is true of South Korean steel. So far as the Soviet Union is concerned, Western experts estimate that it was exporting about 14 million metric tons of steel industry products at the end of the 1980's, mainly to the countries of onetime CEMA. At the same time, the Soviet Union was importing about 12 million metric tons a year.

### Who Is Buying the Most

The United States remains the steelmakers' largest market, although its steel import declined slightly (to 16 million metric tons in 1989, and last year it is estimated to have been less than 16 million metric tons). The decline in import was due, among other things, to the import restrictions introduced in 1984 and amended 5 years later. Changes in the dollar's exchange rate, which made the American market less attractive, were also a contributing factor. Naturally, the United States also exports steel, specifically steels of the highest (and most expensive) grades, but only about 4.0 million metric tons a year (although that export has been rising lately).

A few years ago steelmakers found also China an interesting market. China purchased 20 million metric tons of steel industry products in 1985, but today it is buying barely 9.0 million metric tons a year. The decline is due to China's payment difficulties. Soviet import is likewise declining, for the same reason. The Soviet Union imports mainly steel pipe for its petroleum industry, and a number of products made of alloy steels. Among the other East European countries, the most dependent on steel import are Bulgaria (it supplies from import 70 percent of its consumption) and Hungary (40 percent). Poland, Czechoslovakia, Romania, and the Soviet Union supply from import only about 10 percent of their steel requirement.

On the other hand, however, the countries of East Europe increased their steel industry export as of 1988 (through the fourth quarter of 1989 they took advantage of the booming world market for steel). Nevertheless, steel export from these countries was, and often still is, complicated by import restrictions both in the United



States and the EC, specifically the two markets targeted by East European steelmakers. For last year the EC Commission set a quota of roughly 3.0 million metric tons for the six countries of Central and East Europe (including the former GDR). The final results are not yet known.

#### **New Markets, New Exporters**

According to preliminary estimates, the world market for steel shrank in 1990, primarily because of the cyclic nature of the demand for steels. The market now is more or less close to the bottom of the demand curve for steels. Experts believe that it could stay there longer than had been expected, although now, with the Gulf war over, the slowdown of economic growth in industry should not be so pronounced, and orders for steel could pick up. So far the Far East has been (and evidently will remain) the main dynamic market for steels. Steel exporters regard that market as the most advantageous one for the future. The countries of Southeast Asia will remain a good market, although they are rapidly developing their own metallurgical industries. Thanks to their rapid economic growth, their consumption is rising.

#### **Where Will the Focus of World Trade in Steels Shift?**

The focus of world trade in steels will evidently shift to the Far East in the next few years, although West Europe and the United States will certainly remain the largest markets in terms of volume. It is possible that the Brazilian steel producers' share of the world market will decline, because the unfavorable economic situation in that country is limiting investment in the steel industry and, therefore, steel producers will eventually be unable to fulfill all foreign orders. In the future we can also expect East European producers to offer larger lots of steel industry products, mostly products of a lower order, but that will not be in quantities which could affect the shares of world trade in steels.

#### **Will We Remain a Major Steel Exporter?**

It is common knowledge that Czechoslovakia became a major steel producer years ago. In the league table of the world's major steel producers, we still ranked twelfth with 14.87 million metric tons last year, and we were among the leading countries in terms of per capita production. Up to now we have also been a well-known exporter of steel. To find out about Czechoslovakia's position as a steel exporter, we interviewed Engineer I. Zadny, a metallurgy consultant at the Federal Economy Ministry.

[Truncova] Until recently, many Czechoslovak experts have been claiming that steel export is a great boon for our economy? What is your opinion?

[Zadny] I will begin with a question of my own. What entitles anyone in Czechoslovakia to claim that our export of steel industry products is efficient? We do not have any iron ore and must import all of it; by rail, moreover, which makes the iron ore more expensive. We

are mining coal from great depths, at higher and higher cost. We are using obsolete plant and equipment, and obsolete technologies to make steel. So little steel is being produced by continuous casting in our country that we probably rank in 35th place among the world's producers. Our labor productivity is infinitely low: to produce a metric ton of steel we are using three times as much labor as in the West. We have only one thing going for us—traditions, but one cannot base everything solely on traditions. Moreover, primarily Poldovka has traditions in making alloy steels. If Czechoslovak steel plants had to operate with input costs based on world prices, they would hardly be able to produce steel that is competitive. I will end with another question: Then how efficiently are we exporting? Of course, it is an entirely different matter that, for the time being, we sorely need the foreign exchange we earn by exporting steel.

#### **In Krivoy Rog, Harming the Republic**

Engineer Zadny also dwelt on the material intensity of steelmaking, specifically on importing iron ore. That includes the importation of iron ore from the Soviet Union, for which we now have to pay in hard currency as of 1 January. Also related to the importation of iron ore is the important integration project of the countries of the former socialist camp, one that should become our storehouse for iron ore—namely Krivoy Rog, or more accurately Dolinskaya, where Czechoslovakia is building the magnetic separation hall (together with auxiliary structures for services), in exchange for which we should be getting iron ore pellets, according to the concluded agreement. From many experts and from people who have been working there, we hear that the construction project is a big mistake; that it was decided hastily and unprofessionally; and that it poses a problem very difficult to solve at this stage. The project was originally scheduled for completion in 1990. So far 4.143 billion korunas [Kcs] has been spent on it (including construction work in progress). The project's budget calls for a total expenditure of Kcs11.0 billion. Evidently the project will not be ready even by 1992, the new, extended completion date. When asked what they were doing in Krivoy Rog, people returning from there reply that they were harming the republic. They admit that they had gone there because of the higher pay. But they hasten to add that they had expected to do a bit of honest work for their pay, and that they did not like at all what was going on there. "Here at home we are economizing in order to master that reform somehow, while there millions are being wasted," said Engineer S. Suk, whose work in Dolinskaya has ended, and Engineer V. Wittinger, who will still be returning there. What they resent the most is the silence surrounding this project even today, long after 17 November, and that nobody has yet evaluated the project so as to bring to account those who are responsible for our participation in it.

After its brief perusal, the bilateral agreement that the CSSR Government and the USSR Government concluded in 1986 can be characterized as more of a one-sided agreement—i.e., an agreement benefiting only

one of the contracting parties. Therefore we again turned for information to Engineer I. Zadny at the Federal Economy Ministry.

[Truncova] What exactly is the situation with Soviet iron ore and our participation in the Krivoy Rog project?

[Zadny] At present we are importing about 8.0 million metric tons of Soviet iron ore, which is the bulk of our consumption. In the future we should be receiving a smaller share of the Soviet deliveries from Dolinskaya, in the form of products. From Brazil and other countries, we are purchasing about 2.0 million metric tons. So far as Krivoy Rog is concerned, we are aware that the construction project is a very controversial one. But no one is able to imagine at present what would happen if we withdrew from it. If it were merely a question of cancelling Dolinskaya and not getting any iron ore pellets from there. Much more is involved. We would have to write off about Kcs5.0 billion worth of construction work in place or in progress. Cancellation probably would have political consequences as well. No one is able to say today what would be the best for us. Teams of experts are evaluating the situation, but they have not come up with a solution in principle so far. The formation of a corporation by steel producers—i.e., by the potential customers of Krivoy Rog—is also being considered. But the enterprises are lacking clear outlooks for the time being, and therefore it is difficult for them to make any decision.

[Truncova] Do you see any way we could extricate ourselves from this situation?

[Zadny] For the time being, I see only one way out: namely, to end our dependence on Soviet iron ore, and at the same time to also reduce as much as possible our dependence on import in general. That will mean cutting back our steel production, and using domestic raw material—i.e., scrap—to make what steel we do produce.

#### Export in Order To Swap

Engineer J. Petr, the director of the Department of Metallurgical Policy at the Federal Economy Ministry, answered my question as to whether the Czechoslovak steel industry would continue to export steel in the situation it now found itself, and how much would that export be? In his opinion, there will be no substantial curtailment of export in the next two or three years. Naturally, we will have to honor—more strictly than we have been doing up to now—the import quotas that the EC countries set, if we want to be admitted into Europe. But deliveries to that region this year will remain practically at the same level as last year, because the EC countries evidently will continue to treat us with “understanding” for a time. There definitely will be export also in the future, but we will be exporting in order to swap. Up to now we have been primarily exporting steel. We will have to produce what we know how to produce well—in other words, not everything—and buy what we are unable to produce or what we now are producing less skillfully. Kladno, for instance, knows very well how to

make tool steel. In the Ostrava area the obvious product would be Trinec wire; and in east Slovakia, steel sheet. All these products could be exported, although export to Western markets from the eastern part of the republic would be more expensive, because of the higher freight costs.

#### What Can Be Said in Conclusion?

Our steel export ought to be reduced to between 10 million and 8.0 million metric tons. That is what a report presented to the Government recommends. The report, of course, was prepared on the basis of the information that had been available last year; but without any analyses, because a distorted economy does not lend itself to analysis. And there likewise were no marketing studies. Instead, the report started out merely from gross indicators. At the Federal Economy Ministry they told us that, evidently, it would now be necessary to commission—allegedly, there already are tenders—an objective analysis and privatization plans, with the help of experienced foreign firms that had already restructured their domestic steel industries. The entire industry must be evaluated from the viewpoint of technology, economics and marketing. Such studies would then be the basis for the influx of foreign capital into the individual integrated metallurgical works. Some of our steel plants already have foreign contacts, others are now establishing such contacts. In any event, changes in an industry such as metallurgy cannot be expected overnight. After all, changing metallurgy will be a lengthy and demanding process.

#### Expert on Program for Restructuring Steel Industry

AU2804143091

[Editorial Report] Prague HOSPODARSKE NOVINY in Czech on 23 April on page 8 carries a 2,000-word article by Ivo Zadny from the Federal Ministry of Economy entitled “The Steel Industry Is in for Restructuring.” The article discusses plans for restructuring the Czechoslovak steel industry and reducing its size. The article first discusses factors that put the Czechoslovak steel industry at a disadvantage against foreign competitors in a market environment—the lack of domestic iron ore and the resulting dependence on ore imports, mainly from the Soviet Union; the increasingly costly domestic production of coking coal, which has to be extracted from increasingly greater depths; the high cost of energy generation in Czechoslovakia; and the obsolescence of the industry’s technology. Documenting this obsolescence, Zadny says: “The proportion of continually cast steel in total steel output is exceptionally low and the productivity level per employee—94.5 tonnes in 1988, compared with the West European average of 342.6 tonnes—needs no commentary. At the same time, in terms of steel output, the Czechoslovak metallurgy is 12th in the world (1988) and, in terms of output per capita, second.” According to the author, Czechoslovakia’s annual per capita consumption of steel—around 700 kilograms—is almost twice as large as in “similar

countries." Another factor that negatively influences the performance of the steel industry, Zadny continues, is the wear and tear of fixed assets: "To sustain steel production at the present level of 15.5 million tonnes a year, it would be necessary to spend by the year 2010 about 130 billion korunas on investments and about 300 billion korunas on maintenance just to keep the average age of fixed assets at today's level. And that is unrealistic."

Following the above "diagnosis" of the present situation of the Czechoslovak steel industry, Zadny proposes a "therapy." It consists of a radical cut of steel production, the introduction of progressive technologies, and the "creation of market conditions on the side of inputs and outputs." According to Zadny, foreign trade with metallurgical products should be confined to their exchange for other metallurgical products and per capita steel consumption should be reduced to the level of "advanced industrial states," that is, between 350 and 400 kilograms. It follows from these two premises (that exports of steel should not exceed steel imports and that per capita consumption should not exceed 400 kilograms) that Czechoslovakia should be producing between 5.7 and 6.6 million tonnes of steel.

In concluding, Zadny discusses the impact of reduced steel production on employment in the industry: "Of the 163,000 people working in ferrous metallurgy, between 100,000 and 110,000 work directly in steel mills. Because labor productivity in the steel mills should at least double and achieve a minimum of 200 tonnes per employee a year, Czechoslovak metallurgy should be employing only between 40,000 and 50,000 people. This means reducing current staff numbers by approximately 100,000 people (of whom about 50,000 should be shed in production proper)."

According to Zadny, the Ostrava area will account for about 70 percent of lost steel industry jobs. Employment in the Slovak steel industry, on the other hand, "will remain virtually undiminished." This is due to the expected growing demand for metal sheets, which are produced in the East Slovak Iron Works in Kosice.

## POLAND

### Polish-German Seminar on Privatization

91EP0426A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 13-14 Apr 91 p 11

[Article by Ewa Zychowicz: "Privatization German Style and Polish Style"]

[Text] On 12 April a press conference at the Central Planning Office summing up the two-day Polish-German seminar held in Warsaw under the joint auspices of the Institute of National Economy and the Cologne Institute of the German Economy.

The seminar was devoted to problems of economic reform and privatization in Poland and in the eastern part of the Federal Republic of Germany. During the

seminar the German guests shared with their Polish partners the experience gained during the current period of adapting the economy of eastern Germany to the stable conditions reigning in that country's west. According to Prof. Gerhard Fels of the Institute of the German Economy, the most difficult problem is the question of ownership.

Directly after the unification eastern Germany received 163 billion deutschmarks for restructuring purposes. Thus that country found itself in a much better situation than other countries of the former socialist camp, but the scale and variety of its problems are exactly the same. The ability to absorb the funds allocated is extremely limited in many cases. The relatively unproductive and obsolete enterprises of the former GDR simply do not cope on the highly competitive German market. Output is falling, unemployment rising, and social discontent due to the drastic decline in living standards is growing.

The Germans hope that as soon as in 1992 all these problems will cease to be acute and the economy of both parts of the country will surmount the obstacles.

At the press conference, which was attended by Chairman of the Central Planning Office Jerzy Eysymontt, Docent Stanislaw Golinowska of the Institute of National Economy described to reporters an attempt at comparing the privatization process in Poland with that in the eastern part of Germany.

Above all, the circumstances of privatization differ in the two countries. As a result of the unification of Germany the new German laender automatically received a market-oriented legal, institutional, financial, and monetary infrastructure, as well as access to financial capital and high technology. Despite all the adaptation problems, this creates a completely different situation from that of Poland, which lacks these possibilities.

On the other hand the social and psychological similarities are extensive. In both Poland and East Germany the social security system has not fostered independence and resourcefulness in the individual, nor that willingness to take risks which is so needed in economic activity. Also similar are the low levels of efficiency of the two bureaucratized administrative systems.

From the standpoint of the course of the privatization processes, so far it can be observed that in Germany the good enterprises are sold whereas in Poland they are privatized with the aid of financial capital. The weaker enterprises are placed in receivership, which often results in reducing their value in order to sell them at a lower price.

In eastern Germany privatized enterprises are not expected to maximize their profits, unlike in Poland, and instead emphasis is placed on reducing their indebtedness and compensating them for the losses incurred by the disruption of their trade with the former socialist countries. For 1991 the profits from privatization are estimated at about 4 billion German marks [DM], and the subsidies at DM25 billion.

The balance sheet of privatization in Germany is impressive: 1,000 enterprises, 15,000 stores, 750 pharmacies, and 100 bookstores.

In Poland 184 enterprises were privatized by closing them and 115 transformed into joint-stock companies. Another 115 were transformed into Treasury-owned joint-stock companies under individual management; two were sold to foreign investors; five were subjected to so-called pilot privatization; and 61 enterprises are being prepared for the next wave of privatization.

### Farmers' Plight, Barter Trade at Eastern Border

91EP0402A Warsaw *PRAWO I ZYCIE* in Polish  
No 11, 16 Mar 91 pp 4-5

[Article by Wieslaw Luka: "Gold Rings in Exchange for Potatoes: Barter Flourishes on the Eastern Border"]

[Text] "To find billions in our hole in the ground, we must have action and sales. We have the traffic, but there aren't any sales," says Mayor Wlodzimierz Brzozowski.

Interventionary wholesale grain purchases at the GS [gmina cooperative] in the autumn created some action. The Agricultural Marketin Agency was told: "Get grain from the peasants and pay them. In the winter the grain will be harvested." The agency said: "You will do well by the peasants, and you will make money on it." They bought up 550 tons of rye, 150 tons of wheat, and 40 tons of barley.

"They went all out," chairman Mieczyslaw Furchel admits, "but now they are really taking it in the britches." The agency is not even thinking about taking the grain. In late autumn, many weeks after the wholesale buying period was over, people rushed to the cooperative with instructions on what sort of grain to accept, how good it had to look, how clean and dry it had to be. Today it turns out that the commodity does not meet the standard. It cannot even be sent over the eastern border. The grains are too small and too expensive. Our neighbors are looking for better, cheaper grain in the West. Besides, they have no way to pay. Chairman Furchel has become depressed.

### A Fizzle Instead of the Boom They Expected

They expected a boom, but everything fell flat, and hundreds of millions were tied up.

Aleksander Rozuk, chairman of the dairy, is also psychologically numb from the frozen millions. Stacks of of butter have piled up in the cold storage he rented from Hortex. He was not allowed to clear his stock, but then suddenly permission was granted. All over the country a cry went up over this mountain of butter. The whole world heard it, even neighbors from beyond the Bug River. The neighbors helped the chairman clear the stock out of the cold storage plant but they set their own price. They paid what they wanted, when they wanted, four

months after the transaction was made. The cooperative received less than 10,000 for a kilogram of butter, far less than production costs.

Rozuk has lost all hope of his company's gratifying its desire for cash on the absorptive Soviet market. He built up the plant on his own, that is, using bank credit at outlandish rates of interest. He set up a Swedish production line for Gouda cheese, with a delicate taste that does not offend Western connoisseurs, but they turned down offers to buy. They have a surplus of their own. For the moment Rozuk is not inviting connoisseurs in the East to a tasting for trade purposes. They do not have any convertible currency.

Rozuk is seeking a way out, frightened by the last strike at the Zuromin dairy. He is proposing ties with Scandinavian capitalists, perhaps some sort of joint venture, cooperative marketing, or expansion onto the vast Soviet market. The Scandinavians—yesterday it was the Danes, for example—reply: "Invest capital here? Twenty kilometers from the eastern border? That's nonsense."

### Nonsense for Them

It may be nonsense for the people there, but it is a necessity for Marian Zareba of Klopoty-Banki. Where is he supposed to find a new place under the sun for himself, inasmuch as his grandmother put everything into the place here, leaving him an inheritance of five hectares.

Marian's wife is 46 years old. She does not understand those who are so afraid of the eastern border and what lies beyond it. She does not long for the smell of the chimneys in the East, but she has noticed that her numerous friends, the Byelorussian minority, do not long for it either. Mrs. Zareba goes as a cook to weddings, because she has won several contests for her chocolate crumble cheesecake, her bacon roll, and her tripe in savory broth. The Orthodox invite her, and she learned long ago that they are people like us. They genuflect before the same Lord Jesus, they love the Blessed Virgin Mary, and in recent times they have no longer been trying to gain supremacy over the Catholics in the Bialystok area. Some of them tried a little under the communist system. They sensed the support of the party secretaries at the voivodship and gmina levels and, especially, at the powiat level.

Now everything is balancing out. Mrs. Zareba hopes that everything will even out once the spirit the people are looking for reigns over Byelorussia, the Ukraine, and Lithuania.

What sort of spirit are they looking for? The Zareba's found out in the fall. Two young "Easterners" came to them. They came in trucks, looking for potatoes. They slept there two nights, but they did not ask to sleep on the couch in their two-story building. They wanted to sleep in the cabs of their trucks. Marian and his wife said: "Gentlemen, what's all this, sleeping in trucks when there's no war on!" They ate their fill of cold meats,



drank all they wanted, asked the son Andrzej for a handmade prewashed cotton shirt from Turkey, and relieved the Zareba's of their sorry plight. They bought several tons of potatoes, for which there is no market in Poland.

Before they left, they told about the sort of changes they were looking for in their own country, changes similar to those in Poland: to be free to hang a crucifix on the wall, not to have to use an occasion abroad loading potatoes onto trucks, to buy a modern Russian shirt, and to be able to sit down in your own house to eat your fill of ham from such platters with forks like the ones in Kłopoty-Banki.

The Zareba's, on the other hand, told about the changes they were still looking forward to in Poland. If they say on television that the price of super phosphate is 15 percent higher, then let everyone at the GS see to it that a quintal increases from 400,000 to 460,000 and not to 870,000. If they pay a peasant 200 zlotys for a liter of whole milk, but in the store that same milk with half the butter fat removed costs 1,500 zlotys, then something is going wrong.

In Kłopoty-Banki, only one out of 16 farmers is drinking away his fortune, and that in neighboring villages to avoid the shame of doing it in one's own village. In every apartment house here—the old one-story houses disappeared long ago—the man is either married already or the bachelor heir is planning his nuptials for the near future. Despite this fact, in a village like this, people are not planning to enlarge their holdings, because in Warsaw the new governments are talking the same old way about giving agriculture the green light, while in fact they are stamping out any possible sparks. The peasant is not going for the new solutions, because what sort of chance does he have?

Marian, age 50, tells his son Andrzej, age 21, that when he was a young man he rode a bicycle, but Andrzej drives a Fiat, either a Soviet Lada or a Polish 126P "Maluch," whichever is available. But the young man would like to have 22 milk cows in the barn instead of 11. Eleven was the goal his father reached, and now the son would like to go a bit further, but he is unable to. They tell him about overproduction and lack of sales.

This is how the Zareba's and the Russian truck drivers talked about the new spirit on both sides of the border.

### Do Business With the Russkis?

Marian Michalak, aged 65, will still be thinking about this for a long time. His memories bother him. He keeps thinking about Khudobkin, the "predsedatel selsoveta" [rural council chairman], who kept coming to him incessantly, beginning in the Fall of 1939. He frightened the people saying: "The Kłopoty people were slave drivers, so we had to take the land away from these kulaks." Religious pictures hung on their walls, but what for? "What did God ever give anyone?" Khudobkin asked.

In May 1941, they were ready to move to the Urals. They dried a sack of bread for the trip and killed a pig for the occasion, but the time never came. The Germans arrived. They had thought it would never happen, but in another few years it was the Red Army.

Michalak recalls: "After all this it turned out that a Pole didn't know whether a rascal was Polish or Russian."

Others went to church on Sunday, but the Michalaks, father and son, especially Marian, drove to Siemiatycze for the hearings, because of his brother Arkadiusz, who had not turned his weapon in but remained in the forest. They killed him right on Easter, but Marian still kept going to the hearings, to that wooden building on Palacowa Street, where in the UB [Internal Security Service] room there was a chair with an automotive chain lying alongside that made deep ridges in the skin on the shoulders. Michalak listened to Russian in that wooden building. That is why he will think it over a long time before he decides to do business with his neighbors to the East. He advised his son Marek—age 20 he is the youngest of the three Michalak sons and heir to 20 hectares—always to think things over well before looking in that direction.

The Michalaks want to do business, with their own people. They became accustomed to doing business with the government. They did pretty well under Gierek. They received credit, built barns. They never received any "blue ribbons" for their construction, because they were not party members.

"The communist system didn't believe in God, but some communists will find their niche in heaven," Marian says.

They rid the rural areas of tremendous poverty. At one time children in Kłopoty had trachoma in their eyes, from vitamin deficiencies. Now a youngster does not even know what to choose to eat, oranges or bananas. A child takes two bites out of an apple and throws it onto a manure heap.

At 20, Marek is not sure whether the communist system will find a place in heaven, but he does know that the present authorities will try to get there. For the moment there may be difficulties, although the priests appear on television, and everything is sprinkled with holy water.

"We pray. We observe the holy days," Mrs. Michalak says, "but let the peasants' wings develop."

Marian built himself a cottage in Kłopoty. He built three for his children in Siemiatycze. He would still like to push ahead, but the new democracy is holding him back. He hears on television that the Polish peasant's production is too expensive and cannot compete with Western farmers.

"To talk like that is the same as spitting in the peasant's face," he says.

Every peasant knows that German and Dutch food is cheaper because of the 30 percent subsidy.

The Michalaks wanted democracy. They have it and will not let go of it, but the government should not be careless about letting farm youngsters go. Marian sighs. Marek wanted a car and got one. He wanted a video camera and got one. But Marek wants to see 400 hog snouts in his two barns, not 200.

Mrs. Michalak says that he cannot do it, although he lives in a covetous village.

Everything needed for production has been priced higher than in the West for a long time, but the wholesale prices farmers are paid have recently even been dropping. Michalak wonders how it is that they pay him 10,000 for slaughter livestock, when the sausage in the shop is going for nearly four times that. Meanwhile, Klopoty people have seen that even in America the price ratio of livestock to sausage is two to one. And in our country? We are hurrying to the West. We are already catching up in some of the competition, up to the point where our pants fall down and we reveal our nakedness.

#### He Doesn't Say That They Are Stifling the Peasant

He says that they are strangling him. Mr. Krzysio Tolwinski, age 40, of Tolwin, is content that they will not let him hang out all his sails. He is sailing freely and peacefully with his 30 hectares. He had 15 cows, and during the World Cup in Argentina he found it hard to get time to watch the matches in the mid-summer afternoons here. Now he has reduced his holdings to seven, and during the 1990 World Cup in Italy he personally ran his own tally of the games without stress.

Let nobody, no journalist, for example, interfere with Tolwinski, the technical farmer, and tell him that nonsense that only German farmers use European technology and work management, that even in the middle of the harvest they arrange to get out for a beer in the late afternoon, all bathed and fresh. When he wants to, he also uses exactly the same techniques and has beer on his menu. He would even be ready to handle 200 hectares rather than 30. The 50 pensioners living here could name five other farmers like Krzysio.

"Tolwin," they assure us, "would not become a provincial nobleman but a Colorado-style El Dorado farmer."

To achieve this goal he needs the economic factors to be somewhat different from those presently in effect. For example, a peasant now receives 900 zlotys for a liter of milk but pays over 3,000 for a liter of fuel. He should be buying and spreading 10 tons of fertilizer but can afford only 1.5 tons.

Why is Tolwin wearing himself out? To buy cows and increase his land holdings! After all, once he sells a few fattened animals, he will feed himself, his wife Wiesia, his three children, and his father. He could raise five times as many, but apparently nobody in the government cares about that at the moment. Krzysio, a youth activist, told somebody important a few years ago: "You must have something in your genes that makes you

short-sighted, when you look at the future of rural areas." He would repeat that now too.

Soviets come here for potatoes. They bring goods to trade and wonder at how well the Polish peasant is set up. More than one person from Odessa has asked Tolwinski: "Is that all yours? Really! It's probably a cooperative kolkhoz and you're just running it."

Adolf Tolwinski, his father, age 82, tells his son to listen peacefully to their wonder and delight. He talks about "tourist" trips he took for five years, beginning in March 1940, from the camp near Arkhangelsk and the battle at Monte Cassino to Bologna. Remembering them, he warns: "Child, today it's yours. You do business at the border, but what about tomorrow?"

Krzysio does not frown in fear then. Instead, he smiles. When a man smiles, it means that what is important to him first of all is feeling good, that is, being healthy. It can also mean that nothing is important to him.

"One person finds it important to have good health," Mayor Włodzimierz Brzozowski, who has been listening, interjects. "For another, what is important is to sell his potatoes privately in exchange for as many Soviet gold rings as possible." Barter is flourishing.

"Soviets come here and hand over payment in gold. But what do the poor government coffers get out of this?" the mayor complains. "Where is this great money the gmina is looking for?"

#### Antimonopoly Office on Increasing Competition

91EP0426B Warsaw GAZETA WYBORCZA in Polish  
9 Apr 91 p 3

[Article by (aga): "The Antimonopoly Office Proposes to the Government: Greater International Competition; On the Eve of Privatization, Breakup of Certain Enterprises"]

[Text] A rise in imports, privatization, and the breakup of monopolies are the highlights of the Antimonopoly Office's program for promoting competition in 1991-93.

Upon revision, the program, by then adopted by the government, will be presented at a session of the Council of Ministers, following a decision of the Council's Economic Committee.

Anna Fornalczyk, the chairperson of the Antimonopoly Office, stressed that the growth of competition alone affords an opportunity to consumers. She also declared that the growth of competition cannot be handled by her office alone. The proposal therefore provides for discrete ministries to be responsible for translating it into reality.

The Antimonopoly Office suggests that ministries and voivodes (as parent agencies) focus first on breaking up monopolies in agricultural services, telecommunications, railroads, construction, steel industry, and energy supply.

Competition among domestic producers will not yet be feasible in the immediate future so far as certain monopolies are concerned. Therefore, in the opinion of the Antimonopoly Office, the economy should be opened to international competition. At the same time, the forms of economic activity subject to protection against such international competition should be identified, as should be the duration and effects of that protection.

The Antimonopoly Office suggests that ownership transformations (privatization) be preceded by breaking up certain enterprises so as to prevent the transformation of state monopolies into private monopolies.

Some of the projects in the offing are:

- Drafting, by May, 1991, a law on counteracting dishonest competition (this will be handled by the Antimonopoly Office).
- Until the end of 1991, supervision of the market for securities and insurance and banking services (Antimonopoly Office).
- The formulation by May, 1991, of a program for organizational sponsorship of small and medium enterprises (Ministry of Industry, Office of the Government Plenipotentiary for Supporting Private Enterprise).
- The activation, by May, 1991, of a system of credit guarantees for new enterprises (Office of the Government Plenipotentiary for Supporting Private Enterprise, the National Bank of Poland, the Polish Development Bank).
- Preparation, by the end of 1993, of expertise and adoption of decisions on breaking up the monopolies in agricultural services (the Antimonopoly Office).

### Economic Indicators for March Noted

91EP0424A Warsaw GAZETA WYBORCZA in Polish 13-14 Apr 91 p 2

[Article by (us): "Privatized Enterprises Are Hiring"]

[Text] In March, the financial standing of enterprises deteriorated. They still had large stocks of unsold merchandise. The farmers did not buy fertilizer and seed grain. Privatized companies increased their work forces. Unemployment increased at the same rate as in February.

The CUP [Central Planning Administration] published, as it does every month, the results of a questionnaire survey of 125 industrial, construction, and commercial enterprises (state, cooperative, and privatized) and 35 bank branches.

### Industry

The enterprises communicated that they still experienced difficulties with the sale of their products. At the same time, stocks of unsold merchandise increased, and payments in arrears mounted.

The banks maintained that an increasing number of companies did not repay the loans received in a timely manner. In the opinion of the CUP, all of the above testified to the deteriorating financial condition of many enterprises.

In March, the light and automotive industries experienced difficulties with sales.

Production was restricted due to this at, among others, the Knitting Industry Enterprise Jarland in Jaroslaw and the Shock Absorber Plant POLMO in Krosno.

### Foreign Trade

Most of the enterprises surveyed exported more than they did in February. Supply imports remained at the level of the previous month. Many companies maintained that the profitability of exports kept declining because the dollar was too cheap.

### Agriculture

Lesser demand for certified seed grain, insecticides, and fertilizer than in previous years was reported from virtually all over the country. In Lublin Voivodship, demand for meat and meat products dropped, and the supply of slaughter animals increased.

### Unemployment

A majority of the companies surveyed reduced their work forces in March. However, 70 percent of the dismissals took place at the request of employees.

Privatized companies were prepared to hire people. For example, Prochnik (a garment enterprise) wanted to add 600 people to its work force. Wolczanka, which was preparing for privatization, introduced a second shift. Uniontex in Lodz had difficulties finding new employees because their wages were not much higher than unemployment benefits.

It turned out in Krakow Voivodship that people between 25 and 34 accounted for one-third of the registered unemployed, and unskilled workers with a primary education accounted for 80 percent.

In March, the number of those without jobs increased by 63,000 (the same number as in February) and came to 1,322,000.

## YUGOSLAVIA

### Foreign Investment: 577 New Accords in 2 Months

91P20326A Ljubljana NEODVISNI DNEVNIK  
in Slovene 15 Apr 91 p 5

[Unattributed article: "Foreigners Still Take a Risk; Japan Is Still Cautious"]

[Text] Belgrade, 15 Apr—In the first two months of this year the Federal Secretariat for International Economic Relations recorded 577 new agreements on foreign investment. Some 393 agreements for joint ventures were concluded. Foreign investors founded 112 companies of their own while 72 existing companies received funds from abroad to modernize their production. Despite Yugoslavia's poor reputation in the foreign media, in a mere two months investors from abroad placed about 300 million German marks [DM] into our economy.

According to the Federal Secretariat for International Economic Relations, about 4,104 agreements on foreign

investment have been recorded until now—2,312 in joint ventures. Foreign investors have founded 760 companies of their own while 532 existing companies have received funds from abroad.

Joint ventures received DM1.352 billion. The amount invested in foreign-owned companies was DM270 million. Several well-known Yugoslav companies received DM1.293 billion.

Germany showed the most interest in investing in our country, followed by Italy and Austria. Most agreements were concluded in Serbia, followed by Croatia, Bosnia, and Hercegovina.

The Secretariat for International Economic Relations reports that these investments amount to a mere "pulse-taking," since foreign capital demands security and strives for profit. Japanese business, which has already conquered the whole world, has not yet concluded a single agreement on investment in our country.



**POLAND****Number of AIDS Cases Increases**

*LD2604082491 Warsaw PAP in English 0803 GMT  
25 Apr 91*

[Text] Warsaw, April 25—Three Poles, including two women and one man, fell ill with AIDS last February and

another three cases of developing AIDS were reported last March. Out of the six ill persons, five were drug addicts and one got infected with AIDS by heterosexual contacts, RZECZPOSPOLITA reported.

All in all, fifty-seven people have contracted AIDS and thirty-three have died in Poland, according to official data.

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14 May 1991